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ABSTRACT

This publication reports the considerations and actions of the Committee on Education and Labor, to which was referred H.R. 4222 to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs. A short explanation summarizes the amendment followed by a history of the programs. The major provisions of the bill are outlined. Committee considerations are summarized followed by a section-by-section analysis of the amendment. The text of the National School Lunch Act and the Child Nutrition Act of 1966 with changes made by the amendments of 1975 follows. Additional views and minority views conclude the report. (HLF)

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94TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { No. 94-68

NATIONAL SCHOOL LUNCH ACT AND CHILD NUTRITION ACT OF 1966 AMENDMENTS OF 1975

MARCH 17, 1975.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. PERKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

ADDITIONAL, MINORITY, SUPPLEMENTAL and INDIVIDUAL VIEWS

[To accompany H.R. 4222]

The Committee on Education and Labor, to whom was referred the bill (H.R. 4222) to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendment to the text of the bill strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in italic type in the reported bill.

The title of the bill is amended to reflect the amendment to the text of the bill.

PURPOSE OF THE LEGISLATION

The principal purposes of H.R. 4222 as amended by the Committee on Education and Labor are—

EA 007 894

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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(1) to extend the school breakfast program beyond its current expiration date of June 30, 1975, to permanently authorize the program and to encourage an expansion of the program,

(2) to roll back the prices students must pay for a hot school lunch from their present inflated levels to a maximum of a 25 cent charge to any child,

(3) to provide automatic eligibility for free meals to children of unemployed parents.

(4) to enhance and expand participation of children in child care institutions and pre-school programs in programs authorized under the School Lunch Act and the Child Nutrition Act of 1966,

(5) to expand eligibility for a reduced-price lunch,

(6) to require the acquisition and distribution of certain commodities for child feeding programs at previous levels, and

(7) to extend the highly successful special supplemental feeding program for women, infants and children and to expand its authorization in keeping with the increasing interest in and requests for program assistance.

History of School Lunch and Child Nutrition Programs

Over the last 29 years, the School Lunch Program has grown from a program involving an expenditure of less than $100 million to a program with an annual Federal cost of over $1.4 billion (cash and commodities). In addition, more than $300 million is now expended on aid that did not exist in 1947, such as the School Breakfast, WIC, Special Milk and Nonschool Food Service Programs.

Millions of needy and non-needy children have been brought into the program and Federal subsidies for free and reduced-price lunches for needy children have risen dramatically to a current average level of well over 70 cents per lunch—paying close to the full cost of preparing lunches for these children.

But, the Federal aid granted to subsidize lunches to *paying* children (the majority of children in the program) has shown an overall *decrease* when compared to the cost of preparing a lunch.

In 1947, when the School Lunch Program began operations, the Federal subsidy covered about 31 percent of the cost of preparing a lunch for *any* child in the program. However, because the cost of preparing lunches has risen much faster than the basic subsidy rate for lunches served to paying children, the share of lunch costs covered by Federal aid for paying children is down by almost one-third to about 21 percent for fiscal 1974.

FEDERAL FUNDING FOR SCHOOL LUNCHES

	Total Federal funds for school lunches (millions)[1]	Total cost of preparing a lunch (cents)	Federal share of lunch cost for paying children (percent)
Fiscal year:			
1947	$68	30.4	31
1948	87	37.0	31
1949	95	36.2	30
1950	120	37.2	33
1951	118	38.9	29
1952	98	36.9	22
1953	133	40.8	26
1954	176	43.2	30
1955	152	40.4	25
1956	182	43.2	26
1957	231	45.5	29
1958	278	43.2	22
1959	204	46.7	22
1960	226	46.7	22
1961	227	46.4	22
1962	281	48.6	24
1963	288	48.4	23
1964	316	49.2	24
1965	402	51.6	27
1966	316	48.5	21
1967	338	52.8	20
1968	436	58.1	22
1969	475	58.1	22
1970	566	62.2	19
1971	814	64.7	20
1972	1,023	69.2	21
1973	1,194	73.8	22
1974[2]	1,443	84.5	21

[1] These figures include cash and commodity assistance. They are the expenditures for paid, free, and reduced-price lunches.
[2] Preliminary.

Prior to the enactment of the School Lunch Program, some schools, as early as 1932, received Federal loans and agricultural surpluses for lunch programs. In 1935, the USDA initiated a direct purchase and distribution program to provide donated farm surpluses to school lunch programs in an effort to dispose of these commodities and aid schools in providing nutritious, low-cost meals to *all* students. This and later expansions of USDA assistance to school lunch programs (in 1939 and 1943) used special discretionary authority granted in a 1935 amendment to the Agricultural Adjustment Act (Section 32).

In 1943, the USDA instituted cash grants to schools as a means of assisting school lunch programs. This cash aid enabled schools to purchase food locally and, from 1944 through 1946, the Congress authorized $50,000,000 annually for cash grants and donated food to school lunch programs.

In 1946, the school lunch program was permanently authorized by the National School Lunch Act (Public Law 79–396). It established cash grants to States that enabled them to aid nonprofit school lunch programs in public and private schools. Payments to States were made on a matching basis and according to a formula that took into account the degree of need in each State. In addition, the USDA was authorized to continue providing Federally donated food commodities to supplement cash assistance.

The cash and commodity aid established in the National School Lunch Act could be used for food purchase and for nonfood assistance that would help expand the program to schools without equipment. *All lunches* served by participating schools were subsidized (as long as they met USDA standards) and the price to *all participating students* was, thus, lowered substantially.

In its first year of operations (fiscal year 1947) the School Lunch Program provided a Federal cash contribution of 8.2 cents per meal and commodities worth 1.1 cents per meal. This provided a total aid package (9.3 cents) that subsidized about 31 percent of the cost of preparing each lunch.

The first major addition to Federal child nutrition programs came in 1954 when the Congress established a Special Milk Program granting cash subsidies for milk served in schools and child-care institutions. By this time, Federal cash subsidies for school lunches had dropped to 4.8 cents per lunch and the value of commodity assistance had climbed to 8.1 cents. But although the total Federal school lunch subsidy had jumped to 12.9 cents per lunch, it covered only 30 percent of the cost of preparing a lunch.

In the 1962 amendments to the National School Lunch Act (Public Law 87–823), the Congress made two substantial changes in the School Lunch Program. The formula by which Federal funds were allocated to the States was re-worked so that each State would receive funds based on its rate of participation in the program, along with its need for assistance. And a special assistance program (section 11 of the Act) was established to aid schools in providing free and reduced-price lunches to needy children.

By adding special assistance for meals to needy students, the Congress established a new Federal commitment for child nutrition. Until the special assistance program was first funded in 1966, there was no special provision for Federal aid to enable schools to provide free and reduced-price meals to needy students. Federal subsidies were confined to *general assistance for all lunches* (authorized under section 4 of the Act) and commodities, which provided a standard amount of aid for each lunch served. In 1962, the total Federal aid package for school lunches consisted of 4.1 cents per lunch (in cash) and 7.5 cents per lunch (in donated commodities). This provided a total Federal subsidy (11.6 cents per lunch) that covered 24 percent of the cost of preparing a lunch—a substantial drop from the early years of the program.

By 1966, Federal subsidies for school lunches had dropped to 10.2 cents per lunch (in cash and commodities), representing 21 percent of the cost of preparing each lunch. Less than half of this subsidy was in cash (4.6 cents per meal).

But in 1966 two changes expanded Federal child nutrition assistance. Special assistance for free and reduced-price meals to needy children received its first appropriation (special assistance funding did not become substantial until 1968). The Congress also enacted the Child Nutrition Act of 1966 (Public Law 89–642) which established the School Breakfast Program, extended and expanded the Special Milk and Nonfood (equipment) Assistance Programs, and provided for Federal aid to feed pre-school children through schools and to pay certain State administrative expenses.

These two changes added to *overall* Federal support for child nutrition and boosted the *average* Federal subsidy per lunch. However, Federal aid for lunches to non-needy students continued to decline as a percentage of the cost of preparing lunches—as the cost of preparing meals grew. For example, by 1970, Federal aid for paid lunches to non-needy students had declined to 19 percent of the cost of preparing the meal.

In 1968 a provision giving Federal aid for meals to children in nonschool situations was added to the National School Lunch Act (section 13). Public Law 90-302 provided for grants to States that would enable them to assist day-care centers and other non-residential institutions serving meals to children. Summer feeding programs could also be assisted under this program.

Furthermore, in 1968, the problem of insuring adequate funding for the child nutrition programs authorized under law (especially special assistance for free and reduced-price lunches) was first addressed by the Congress. In approving H.R. 17872 (90th Congress), the Committee and the House authorized the direct use of section 32 funds (permanently appropriated under a 1935 amendment to the Agricultural Adjustment Act) to provide cash aid in child nutrition programs. And, since that time, section 32 funds have become a major source of financing Federal cash (and commodity) assistance for the School Lunch and other child nutrition programs.

Public Law 91-207 authorized the use of section 32 funds to supplement child nutrition appropriations in fiscal year 1970. Public Law 92-32 authorized the use of section 32 funds in fiscal 1971 and 1972 in order to carry out free and reduced-price meal assistance provided for in the law.

Later, Public Law 92-153 authorized the use of section 32 funding to supplement regular appropriations for child nutrition and Public Law 92-433 authorized the use of section 32 funds to increase Federal school lunch subsidies, directed their use in financing the newly established Special Supplemental Feeding Program for Women, Infants and Children, and authorized their use for nonschool programs.

In the 94th Congress, Public Law 93-13, Public Law 93-150, and Public Law 93-326 directed the use of section 32 funds in making "cash in lieu of commodities" payments, in maintaining adequate levels of commodity assistance, and in financing the extended "WIC" program.

Public Law 91-248, enacted in 1970, clarified the intent of Congress that needy children receive free or reduced-price lunches by adding specific guidelines for determining eligibility for free and reduced-price lunches. It also required that there be no discrimination against needy children receiving free or reduced-price meals and increased State and local matching requirements.

In 1971 and 1972, a series of enactments (Public Laws 92-32, 92-35, 92-153 and 92-433) made a major break with the old system of providing aid for school lunches and breakfasts. They also extended and expanded the existing programs authorized in the National School Lunch Act and the Child Nutrition Act and established one new program—special Supplemental Feeding Program for Women, Infants, and Children (WIC).

A guaranteed minimum Federal subsidy for each lunch served ("performance funding") was established (first at 6 cents per lunch, then increased to 8 cents per lunch). Additional special assistance for free and reduced-price lunches for needy children was also guaranteed (at a minimum of 40 cents per free or reduced-price lunch). Prior to this change in the law, which in effect *entitled* schools to certain minimum subsidies based on the number of meals served, school lunch funding had been limited by the amount of the annual appropriation. The same principle of a guaranteed minimum subsidy per meal ("performance funding") was also established for the School Breakfast Program—though at lower levels.

In 1973 and 1974, another series of laws (Public Laws 93–13, 93–86, 93–150, 93–326, and 93–347), increased Federal child nutrition assistance. Guaranteed minimum subsidies for school lunches and breakfasts were increased and the USDA was mandated to adjust them every 6 months to reflect food price changes. A guaranteed minimum subsidy was mandated for the Special Milk Program. Commodities (or cash in lieu of commodities) were guaranteed by setting a minimum level and granting special purchasing authority to the USDA to allow it to purchase sufficient commodities. But, despite these minimum subsidies per lunch served, the Federal share of the cost of preparing lunches for paying non-needy students has increased only slightly over the 1970 rate. In 1970, the Federal percentage was 19 percent. The most recent figures available (fiscal 1974) indicate this has risen by only 2 percentage points to 21 percent, only about two-thirds the rate in 1947.

Major Provisions of the Bill

Limitation on Price of Lunch to Paying Students

As has already been shown, from its inception in 1946, the National School Lunch Program has had the single purpose of improving the nutritional status of all children in school. Through all of the years since 1946, Federal assistance in the form of cash payments and Federally donated foods has been provided by Congress in order to permit the sale of lunches well below production costs to any child wishing to participate, regardless of family income. Provision was also made in the program for the service of free or reduced-price lunches to children unable to pay the regular lunch price charged in participating schools. In addition, the program has been available to any public or non-profit private school regardless of the income of its students or community.

From 1946 until 1968 the program operated without basic change. Expansion to thousands of additional schools took place and the annual growth in participation of children averaged five to seven percent. However, the intent of Congress as expressed in the original Act and in the 1962 amendments to the Act to provide free lunches to needy children was not being carried out.

Accordingly, in 1968, the Congress first authorized substantial special funding for free lunches. In 1970 landmark legislation was enacted to mandate free lunches for any child qualifying under poverty income guidelines. Successive Acts of Congress since 1970 have

increased Federal funding for free lunches to the point that such funds now cover nearly all of the cost of providing lunches to needy children. In addition, Federal funds are providing for the cost of free breakfasts and free milk for needy children.

The results of these efforts have been striking. Prior to 1968 only about three million needy children were receiving free lunches. As of January 1, 1975, this number reached ten million, and will increase even higher later in the year because of increased unemployment.

In contrast, there has been a marked reverse trend in the number of children paying for their lunches. In the five years since 1970, the number of children purchasing lunches daily has declined from 18 million to 15.3 million, a drop of 2.7 million children. From January of 1974 to January of 1975 alone, the decline was one million children. This overall decline of 2.7 million children in five years has occurred despite the fact that since 1970 nearly 4,000 schools with an enrollment of 2.3 million children have entered the program.

Progressively, in recent years, the cost of producing nutritionally balanced lunches has risen because of sharply higher food and labor costs as well as costs of other items such as utilities, transportation and supplies used in preparing and serving lunches. Since 1967, the cost of producing lunches has increased by nearly 70 percent, as measured by the Bureau of Labor Statistics Consumer Price Index of the cost of food away from home. In the past year, the increase has been well over 12 percent.

To meet this situation, school lunch programs have been forced to increase lunch prices with the result that more and more parents are simply unable to stretch the family budget so that their children can eat lunches at school. Furthermore, in this period of reduced incomes because of shorter work weeks, as well as of constantly increasing prices and other cost factors, the number of children paying for lunches at school will in all likelihood continue to decline sharply.

Ms. Josephine Martin, Director of the school lunch program for the Georgia Department of Education told the Committee, on March 10, of the increased costs involved in providing school lunches in her state. She stated that because the Federal payments have not increased in proportion to the increased costs and because some of these increased costs have been handed on by school districts to children in the form of higher lunch prices, many students are dropping out of the program.

Ms. Martin pleaded with the Committee to enact emergency legislation to correct this problem. As she stated: "Admittedly, the school lunch program is not the only segment of our economy which is adversely affected by this situation. However, the school lunch program is directly concerned with protecting the nutritional status, health, and welfare of the nation's children. In this period of uncertainty as to our future, we must look first to the needs of our children to see that their opportunities for growth and development are not denied because of poor nutrition."

Mrs. Dorothy Van Egmond of the food services program in the Prince George's County, Maryland, public schools testified before the Committee on March 10th on the increasing cost of the school lunch

program in her State. She testified that in the State of Maryland the price of producing and serving a school lunch has increased 27 cents between 1972 and this year, but that the Federal Government's contribution has only increased by approximately 5 cents a lunch during that time period. The price charged the child accordingly has been increased to make up the difference, with the result that thousands of children have left the program.

Mr. Richard O. Reed, Director of the School Lunch Program for the State of New York, submitted statistics to the Committee showing the sharp decline in the number of paying students in New York State. Those statistics follow:

NEW YORK STATE SCHOOL FOOD SERVICES [1]

	School year—					
	1972–73		1973–74		1974–75	
Statewide	Average per day	Percent of total	Average per day	Percent of total	Average per day	Percent of total
Paid lunches	917,799	55.6	709,712	51.8	725,208	47.9
Reduced price lunches	9,560	.6	11,268	.7	23,619	1.6
Free lunches	722,312	43.8	703,842	47.4	764,058	50.5
Total lunches	1,649,631	.....	1,494,820	.....	1,513,082	.....
Total schools in program	4,600	.....	4,693	.....	4,947	.....
Average daily attendance	3,155,760	.....	3,371,043	.....	3,158,100	.....
Paid breakfasts	23,745	24.2	9,477	10.6	10,137	8.1
Reduced price breakfasts	4,132	4.2	3,955	4.4	5,175	5.1
Free breakfasts	70,350	71.6	76,166	85.0	98,721	85.8
Total breakfasts	98,227	.....	89,598	.....	115,619	.....
Total schools in program	452	.....	575	.....	665	.....

[1] All figures from October reimbursement claims.

This chart shows that there has been a decline of approximately 192,000 paying students in the school lunch program in New York State from 1972 to the present. Only 56,000 of these students shifted to the free and reduced price program. The remaining 136,000 students simply dropped out of the program.

A result of this decline in the number of paying students in the State has been that a number of school districts are discontinuing their school lunch programs altogether, with the result that both middle income and poverty students are being denied a school lunch. As Mr. Reed stated:

"A drastic example is Hicksville, Long Island. During the 1972–73 school year, this district averaged 2,160 Type A meals daily. Cost increases forced a price increase for the fall of 1974 of 20 cents per lunch. Participation dropped to 400 per day with the result that all of the elementary school programs—some dropping to as few as eight meals per day, six paid and two free—were forced to discontinue the program. Today, only the Junior-Senior High School provides meal service with the emphasis on a la carte. The families of this district, a so-called affluent community, cannot afford to pay the 70 cents required to purchase a Type A lunch."

Mrs. Lillie E. Herndon, President of the National P.T.A., on March 12th pointed to the declining number of students who are partici-

pating in the school lunch program as an example of how the health of many children is being imperiled. The National P.T.A. has taken a strong position in support of legislation similar to that reported by the Committee in H.R. 4222.

H.R. 4222 contains provisions designed to reverse this serious downward trend in participation by paying children and to provide a sound basis for making the lunch program readily available to all children. A principal provision is that no child would have to pay more than 25 cents for a school lunch.

This amendment will have these important benefits:

(1) A 25-cent lunch price would equalize the opportunity for all paying children to take part in the program. At present, children in elementary schools are typically paying 35 to 45 cents per lunch and in high schools between 50 and 60 cents, with the consequence that many high school students do not participate in the program.

(2) Many low-income families which now, because of pride, refuse to accept free lunches for their children will find it possible to afford the new price of 25 cents per lunch.

(3) Schools now losing participation would experience sharp gains. With increased volume, production costs will be substantially reduced. According to a USDA study published on September 10, 1974, the cost of producing a lunch would be reduced by 3.2 cents under a 25-cent lunch program. The same study estimates that maximum participation of paying children would increase by at least 20 percent with a lunch price of 25 cents.

(4) With increased volume, jobs would be created for an additional 50,000 employees in the lunch program and local merchants would benefit from increased business.

(5) The present trend toward conversion of the National School Lunch Program, designed to improve the nutrition of all children, to a straight-out welfare program, would be reversed. As lunch prices continue to increase and participation of paying children continues to decline, the point is reached where it is no longer possible to sustain a food service program even for needy children. This point has already been reached in the case of a number of private or parochial schools, who have no outside resources, and in some cases, public schools as well.

(6) A 25-cent lunch would help middle income young families the most, families especially with several children in school. This amendment could mean more to these families than the much discussed proposed tax rebate. For example, at a saving of 20 cents per day, or $1.00 per week, a family would save $36 per year per child. This money would be used in the community to purchase other goods and services. In other words, the lunch cost reduction would not only benefit the middle income families, but the community in general.

(7) There are still some 18,000 schools not participating in the National School Lunch program. Many of these have been reluctant to come into the program because of unsure funding. Of this total, 8,000 are private or parochial schools with an enrollment of 2.3 million children. With the 25-cent lunch, it is expected that thousands of these small schools will participate. Such an addition will provide nutritional and economic benefits to children, families, and communities.

PARTICIPATION TRENDS, NATIONAL SCHOOL LUNCH PROGRAM, 1970-75

[In millions]

Month of January	Total participation (paid, free, and reduced)	Total paid	Total free or reduced
1970	22.5	18.0	4.5
1971	24.5	18.0	6.5
1972	24.3	16.5	7.8
1973	24.6	16.3	8.3
1974	24.7	15.6	9.1
1975	25.2	15.3	9.9

Eligibility of Children of Unemployed Parents for Free Lunches

It is of concern to the Committee that the increasing number of children from families with unemployed parents are not receiving the benefits of the free lunch program. Hypothetically a child of an unemployed parent can obtain free lunch, since an application for such benefits is allowed at anytime in the school year and current income may be considered by local authorities in deciding whether the low income test is met. As a practical matter, however, existing procedures and differing local school policies frequently work against widespread participation of such children. Accordingly, the Committee has adopted an amendment which provides automatic eligibility for free lunch for children of unemployed parents. The amendment is intended to provide a child with a free or reduced price meal during any period in which the child's parent or guardian who is responsible for providing his or her principal support is unemployed.

The words "respsonsible for the principal support" are intended to refer to the parent or guardian who is normally responsible for providing the principal support of the child, and such child should not be declared ineligible for the provisions of this section by virtue of the fact that another member of the family is employed on a part-time or temporary basis. The word "unemployed" for the purposes of this section is intended to mean "being without a job which pays wages or salary."

Nutritional Requirements

Section 7 of the bill modifies the language on nutritional requirements prescribed in Section 9 of the National School Lunch Act. The concern prompting the amendment was related to reports of plate waste in some schools. The Committee is concerned with the problem of waste, and hopes that the Secretary of Agriculture will take the initiative, in cooperation with State educational agencies, to develop administrative procedures designed to cut down on food waste.

The Committee feels that it is in the best interest of the nutritional needs of the child to have him consume a nutritionally balanced meal consisting of the basic four food groups. The failure to consume all of the basic components of the Type A meal may mean that the child is receiving a meal this is nutritionally inadequate. A child should be guided into proper choices and given an opportunity to learn to eat a variety of foods, and it is therefore the hope of the Committee that school personnel will continue to encourage children to consume all of the component foods of the Type A meal. At the same time, a variety

of other techniques such as careful menu planning to meet children's tastes, greater flexibility in portion sizes, greater choice especially at the junior high and high school level, and education in the importance of balanced nutrition, should all be employed to make the Type A meal acceptable and attractive to youngsters.

The Committee opposes any change in school food service that would lower in any way the nutritional standards of the Type A lunch. It should also be noted that Federal reimbursement for meals served under this Act will still depend on the lunch meeting the nutritional requirements set by the Secretary and presently embodied in the Type A lunch.

Matching Requirements

This section makes a change in the $3:$1 State to Federal matching ratio set forth in Section 7 of the National School Lunch Act. Historically, the $3 "state" share has been predominantly from children's payments. However, due to the increasing proportion of free and reduced-price meals being served, there has developed in a number of states a shortage of children's payments, thus creating a shortage of State matching dollars. The new provision eases the $3:$1 matching requirement with respect to meals served free or at a reduced price. Thus change does not increase the Federal expenditure of funds either for free or for paid lunches, nor does this provision in any way reduce the matching requirements for State appropriations.

Reduced Price Meals

The Congress has sought to use the reduced-price mechanism to attract more children to the school lunch program. The income guideline for reduced-price lunches was prescribed at 50 percent above the poverty level in the amendments of 1972; it was increased to 75 percent above the poverty level in 1973 on a one-year basis, and was renewed at 75 percent in 1974. The hoped-for growth of the reduced-price lunch has within the past six months begun to materialize, and convincing testimony was presented at the subcommittee hearings to the effect that prescribing the income guideline at 100% above the poverty level would give additional encouragement to schools to take part in the reduced price lunch program. The following table from the U.S. Department of Agriculture shows the growth of the reduced price lunch program between September 1973 and December 1974:

Number of reduced price lunches served

Month:	
September 1973	3,367,000
October	4,999,000
November	4,763,000
December	3,395,000
January 1974	5,146,000
February	5,012,000
March	5,626,000
April	5,027,000
May	6,026,000
September	6,512,000
October	9,370,000
November	8,476,000
December	7,415,000

School Breakfast Program

During fiscal year 1974 and fiscal year 1975, participation in the school breakfast program has shown substantial and steady growth. The impetus for this growth was provided by the 1972 Child Nutrition Act Amendments which made the breakfast program available "in all schools which make application." The following chart, prepared by the USDA, indicates that in September 1973, 9,619 schools offered breakfasts to 1,100,000 children—while in September 1974, 12,488 schools offered breakfasts to 1,581,000 children—an increase of 2,869 schools and 481,000 children.

SCHOOL BREAKFAST PROGRAM

Month	Participation (number of children)			
	Schools	Total	Free and reduced	Full price
Fiscal year 1974:				
September	9,619	1,100,398	897,925	202,473
October	10,071	1,305,760	1,094,227	211,533
November	10,287	1,368,445	1,160,441	208,004
December	10,330	1,341,527	1,087,978	253,549
January 1974	10,595	1,369,070	1,153,656	215,505
February	11,544	1,419,575	1,182,506	237,069
March	11,536	1,509,008	1,269,143	239,945
April	11,775	1,498,948	1,272,606	226,341
May	11,791	1,519,824	1,261,454	258,370
Fiscal year 1975:				
September	12,488	1,581,160	1,337,661	243,499
October	12,801	1,582,545	1,369,350	213,195
November	12,955	1,772,524	1,526,489	246,035
December	13,024	1,776,177	1,538,755	237,422

As the chart indicates, that growth continues briskly—the figures for December 1974 show 13,024 schools, and 1,776,000 children, of which 86 percent are breakfasts served to needy children. At the same time, however, participation in the breakfast program is far less than the Committee expects taking into consideration that lunch participation exceeds breakfast participation by more than 20,000,000 children. Accordingly, the present bill makes the school breakfast a permanent program and requires that the Secretary of Agriculture and cooperating State Agencies design a plan to enlarge the participation of schools to the fullest extent possible.

Commodity Distribution Program

Section 13 of the bill authorizes the Secretary of Agriculture to continue for three additional years (through September 30, 1978) the purchase of commodities at "nonsurplus" or "market" price, for distribution to programs such as the School Lunch and Child Nutrition programs, and Title VII of the Older Americans Act.

Provision is also made for restoration of such cereal products as flour, cornmeal, durum wheat and other grain products and salad oils and shortening to the list of commodities to be donated for school feeding programs. Such commodities are to be offered to schools in approximately the same quantities as in fiscal year 1974. These products are to be provided in addition to commodity donations under Section 6(e) of the National School Lunch Act. Provision is also made to encourage the purchasing of commodities by the Department of Agriculture from local producers.

Section 14 of the bill provides that not less than 75 percent of the Federal assistance provided to the School Lunch Program under Section 6(e) of the School Lunch Act shall be in the form of food donations.

The provisions of Sections 13 and 14 will greatly increase the effectiveness of the commodity distribution in supplying certain foods to the School Lunch Program which are essential to meeting the nutritional requirements of the lunches served. Flour and other cereal products and shortenings and oils had been supplied to School Lunch Programs on an unrestricted basis for many years prior to fiscal year 1975. Their restoration to the list of foods available to schools will result in more nutritious and more attractive lunches at lower costs. A recent study by the USDA comparing prices of USDA-purchased foods to prices paid by schools for the same products from local suppliers, showed a 7 percent saving overall as a result of USDA procurement.

The Committee takes note of the fact that the Department of Agriculture has acquired a substantial amount of beef for distribution and use in the School Lunch Program. The Committee recognizes both the economic and nutritional value of this action for the School Lunch Program. Accordingly, the Committee wishes to state its expectation that the Department continue to acquire beef and beef products for use in the School Lunch Program at a level which fully takes into account the nutritional value of having a substantial amount of beef in the School Lunch Program and the resulting savings that will accrue to participating local school districts who will be the recipients of this important and necessary commodity.

Special Supplemental Food Program

The Special Supplemental Food Program for Women, Infants and Children (WIC Program) was developed in an effort to provide nutritious supplemental food for nutritionally deficient and low-income pregnant and lactating women, infants and children up to four years of age through cash grants to State health departments or comparable agencies. Authorized as a three year pilot program, WIC has developed into a program involving more than 1,500 individual clinic sites in 48 States, Puerto Rico and the Virgin Islands. The approved caseload for fiscal year 1975 is 187,500 women, 178,000 infants and 282,800 children for a total of 648,300 participants.

Sec. 15(a) amends subsection (a) of section 17 of the Child Nutrition Act to continue the program through September 30, 1978. This extension of the programs would allow for the continuation of supplemental foods containing nutrients which are lacking in the diets of women, infants and children who are nutritional risks. Such foods include high-quality protein, iron, calcium, vitamins A and C. Those people eligible for such a program often are not aware of the necessity of such nutrients to the healthy and proper development of both mother and child. Furthermore, even those who are aware of their nutritional deficiency are prevented from improving their diet by their lack of funds. A study undertaken at Babies Hospital in New York concluded that "maternal malnutrition during gestation provides the simplest explanation for the under-nutrition found in the newborn infants of the poor."

It is estimated that 7 percent of the live-born in the United States, or more than 200,000 each year, are born with structural or metabolic defects that are apparent at birth or can be diagnosed during the first two years of life. About 20 percent of these defects are related to specific genetic factors; 20 percent with environmental factors which affect the unborn baby; and about 60 percent of the defects result from heredity and environment acting together.

Birth defects are three times as common in low-weight infants as in larger babies. Almost 8 percent or 245,000 newborn babies weigh less than 5½ pounds. In the United States nearly half or all infant deaths are related to low birth weight. In addition, low birth weight can also retard mental development as evidenced by a study which showed children weighing less than 5 pounds at birth had an average IQ of 94.6, as compared to 99.6 for children who weighed 5 to 10 pounds at birth.

In addition to the food supplements the WIC Program provides, this program also brings the women and children into the health centers which are responsible for the eligibility determination. Therefore, the participants also benefit from the additional medical care they might not otherwise receive.

Subsection (b) of Section 17 of the Child Nutrition Act is amended to authorize the appropriation of $250,000,000 for each fiscal year. Such funds would allow for the continuation of the program, as well as an expansion.

Presently, the Department of Agriculture has an additional 48 applicants for the WIC Program with an estimated caseload of 100,000 participants. Although these applicants are eligible, they have been denied access to the program because of lack of funds. It is estimated that there are a total number of 4.6 million women, infants, and children eligible for the program.

Section 17(c) of the Child Nutrition Act of 1966 is amended to increase the Federal share of administrative costs from 10 percent to 15 percent. Such an increase is necessary for the varied and specific costs that are related to this program.

The need for additional administrative funds has been cited frequently by WIC administrators in order to increase the effectiveness of the program. Various administrative costs include storage and distribution costs, processing costs, accounting and voucher costs, as well as costs for the preparation and maintenance of records and reports. A particular limitation expressed by WIC administrators in relation to inadequate administrative costs is the lack of sufficient funds to hire enough staff.

Special Food Service Program for Children

Section 13(a) of the National School Lunch Act is amended to extend the Special Food Service Program for Children (summer food program) for one year. The summer feeding program is designed to reach, during the summer, those children who receive free and reduced-price meals at school during the school year. Eligibility for the pro-

gram is based on the area served rather than the income of the individual, i.e., areas where poor economic conditions exist or where there are high proportions of working mothers.

This amendment expands the program to include public or private non-profit residential summer camps, which would include summer camps for poor children—such as "fresh air" camps. It also allows that any eligible institution may enter the program upon request. The importance of this provision is that allocation of the summer feeding funds is made in the spring by the States, preventing additional or later summer feeding sponsors from being included. Because sponsors may overestimate the number of children they would serve, millions of dollars go unspent while many thousands of eligible children go hungry. In fiscal year 1973, $50,600,000 was made available, but only $28,000,000 was spent. In fiscal year 1974, $50,600,000 was again available, but only $34,000,000 was spent. In the summer of 1974, States requested $64,000,000, $60,000,000 was allocated by USDA, but only $39,000,000 was used. This provision also insures that sufficient funds are made available for all eligible sponsors who may request participation in the program.

Proposed changes to Section 13(c) establish maximum reimbursement rates and also provide for the annual cost-of-food adjustment to these rates. The reimbursement maximums for lunch and breakfast would be set at 80 cents and 45 cents respectively—the same maximum levels currently allowed in the school food programs. The maximum for supplements would be set at 20 cents up only 1 cent from last summer's 19-cent maximum.

In addition, this section also provides that all summer programs receive 80 percent of total operating costs (including in-kind contributions) or 100 percent of cash operation costs, whichever is less. This actually only puts into law that which is already in the Department of Agriculture regulations.

Section 13(i) is amended to direct the Secretary to publish proposed regulations relating to the implementation of this program by January 1 each year and final regulations by March 1. This will allow time for adequate planning and efficient management and administration. In the past, the Department has not issued final regulations until May, only a few weeks before programs had to begin operations.

In the interest of expediting the issuance of regulations for this summer's program, the Committee intends that regulations for other aspects of the program remain unchanged, including the regulation that approved institutions which meet all eligibility criteria may serve meals free to all attending children without discrimination.

The Committee bill retains the special summer food program in section 13 of the Act. That program, however, would only be authorized for one more fiscal year. The purpose in limiting its authorization to fiscal year 1976 is to encourage the Administration and the Congress to review the program's operation during the next few months with a view toward amending its provisions.

The General Accounting Office recently released a comprehensive audit of the summer program which made a series of recommended changes in the legislation to improve its administration. The Congress needs time to consider these recommendations and to hear testimony from State and local administrators before amending the law.

Child Care Food Program

This section creates a new section 16 of the National School Lunch Act to be known as the Child Care Food Program. The Child Care Food Program, which is made permanent, provides grants-in-aid and other means to provide meals for children in institutions providing child care. This amendment to the School Lunch Act has the effect of separating the daycare program from the summer feeding program, both of which are now authorized in section 13 of the Act. The Committee rejected an amendment which would have folded the daycare program into the regular school lunch program. In rejecting that latter approach, however, it was not the Committee's intention to encourage daycare institutions to operate separately from the public school system and from private educational systems. It is our intention, rather, to encourage better cooperation between the various public and private daycare programs and the public and private school systems. For that reason the Committee inserted specific language in the amendment to promote such cooperation.

Studies have shown a relationship between malnutrition and mental retardation in the very young. The National Academy of Sciences reported ". . . The weight of evidence seems to indicate that early and severe malnutrition is an important factor in later intellectual development, above and beyond the effects of social-familial influences." In addition, undernutrition may be a result of the mother's prenatal malnutrition. However, Dr. Myron Winnick, Professor of Pediatrics at Columbia University, cites studies which indicate that if these children are fed a good diet through their sixth or seventh year, they may catch up. The Child Care Program provides meals to children during this very crucial formative period of time.

Section 16(a)(2) expands the definition of "institution" to include any non-residential public or private nonprofit organization, including but not limited to daycare centers, settlement houses, recreation centers, family daycare programs, Headstart centers, Homestart programs and institutions providing daycare services for handicapped children. Such institutions must be licensed or in compliance with the applicable Federal Interagency Day Care Requirements of 1968. This provision statutorily reaffirms the inclusion of Headstart centers, which already, since January 1974, have participated in the program.

Reimbursement rates and commodity donation rates will be set at the same level as those in the National School Lunch and School Breakfast Programs. These rates will be adjusted semi-annually to reflect cost-of-food adjustments.

Reimbursements for supper and supplements are to be continued. Suppers would be reimbursed at the same rates as lunches. Supplements would be reimbursed at 20 cents for children eligible for free

meals; 15 cents for those eligible for reduced price meals; and 5 cents for other children. By increasing the reimbursement rate for lunches and breakfasts to match those in the school lunch and school breakfast programs, free and reduced price meals would be more adequately financed. More needy children could take part in this program. This is important when we consider that 34,000,000 American women are working outside of the home, with nearly 38% having schoolage children and approximately another 10% with children below school age.

The daycare program is also given its own authorization for money to be used for food service equipment. Special provision is made for those institutions determined by the State to be especially needy. Currently, legislation allows for the States to use up to 25 percent of its total program funds for nonfood assistance. States have been reluctant to draw from limited funds which must cover the day-to-day food costs to pay for equipment. This provision will protect them from having to use their ongoing program funds for equipment.

Committee Consideration

The Subcommittee on Elementary, Secondary and Vocational Education held two days of hearings on H.R. 3736 (co-sponsored by Mr. Perkins, Mr. Quie, Mr. Meeds, Mrs. Schroeder, and Mr. Mottl). On March 5, 1975, the Subcommittee considered H.R. 3736 in legislative session and subsequently reported the bill with amendments for Full Committee consideration. On March 11, the Committee on Education and Labor met in legislative session to consider H.R. 3736. The Committee subsequently by a recorded vote of 35 yeas and 2 nays ordered reported H.R. 4222 (a bill identical to the introduced version of H.R. 3736) after striking all after the enacting clause and inserting a new text. A number of Members of the Committee—including Mr. Buchanan, Mr. Jeffords, Mr. Hall, Mr. Simon, Mr. Miller of California, and Mr. Mottl—are sponsors of H.R. 4223, a bill identical to the introduced version of H.R. 4222. The Committee wishes to note the sponsorship and support by these Members of this legislation.

In accordance with clause 7 of rule 13, the committee estimates that costs which would be incurred in carrying out H.R. 4222 as follows:

Estimate of costs

Sec. 4 supplemental payments (to provide 25-cents lunch):	*Millions*
1976	$655
1977	655
1978	655
1979	655
1980	655

The estimates are based upon the present average price of 45¢ which children are paying for a school lunch. Under the new provision children will pay a maximum of 25¢. Accordingly, there will be an average federal reimbursement of 20¢ in order to reach the current average 45¢ price. There are presently 15.2 million paying students in the school lunch program. The additional subsidy for current students will

amount to $547 million. It is anticipated that there will be a 20% increase in the participation of paying students which will result in an additional $108 million for a total of $655 million.

Reduced-price lunch eligibility increase to 100 percent of poverty index: [1]	Millions
1976	$30
1977	30
1978	30
1979	30
1980	30

Using census data, it is estimated that 5 to 7 million additional children will qualify for a reduced-price meal. Only 2.6% of eligible children were added to the participation rate when the reduced-price eligible increase was last enacted, raising the index from 50% to 75% of the poverty index. The estimate of $30 million in added cost is based upon better acceptance of the program at a rate of 5% of new eligible children. Thus, the participation of 350,000 additional children are included in the estimate.

Commodities (grains and oils):	Millions
1976	$79
1977	79
1978	79
1979	79
1980	79

During fiscal 1974 the Department of Agriculture purchased $69 million of these commodities (including corn meal, flour, shortening, oil). The estimate for 1976 of $79 million takes into account the additional childrens' meals covered by other sections of the bill plus the increasing cost of commodities.

Meals to children at residential institutions: [1]	Millions
1976	$125
1977	125
1978	125
1979	125
1980	125

There are estimated to be 430,000 children in the residential institutions covered by the bill. The Department of Agriculture estimates that $75 million will be spent for lunches and $50 million for breakfasts.

WIC program:	Millions
1976	$250
1977	250
1978	250
Child care feeding program: [1]	
1976	93
1977	93
1978	93
1979	93
1980	93

The new Section 16 program provides for new categories of children to be covered, and the estimate of $93 million takes these into account.

This shows an increase of $29 million over the 1975 budget estimate of $64 million.

	Millions
Summer feeding program: 1976	$62

The program is expected to experience a 10% growth during the 1975 summer period.

School breakfast program:[1]	Millions
1976	$104
1977	104
1978	104
1979	104
1980	104

[1] Payments are adjusted periodically to reflect the changes in the series for food away from home of the consumer price index.

There are presently 1.8 million children in the breakfast program. There is projected a 20% increase in participation for 1976, plus a cost escalation of 11%, making the 1976 estimate $104 million.

Inflationary Impact Statement

Pursuant to clause 2(1)(4), Rule XI of the Rules of the House of Representatives, the Committee estimates that this legislation's positive impact on economic recovery and employment would substantially outweigh any inflationary impact.

The increased participation in the school lunch program resulting from the enactment of H.R. 4222 would have significant *anti-inflationary* effect. As was stated in the USDA's comprehensive study on the Child Nutrition program—July 1974—the economies of scale brought about by increased school lunch participation should *decrease* the total cost of preparing each school lunch by about 3¢ per lunch ($100,000,000 on an annual basis). Moreover, the Committee feels that money spent on providing a school lunch would be more *efficiently* spent than a similar amount expended by individual families for meals brought to school.

The increase in school lunch participation will also serve to stimulate the agricultural economy by increasing demand for food commodities used in the preparation of the lunches.

New jobs would be created. It is estimated by the American School Food Service Association that up to 50,000 additional employees would be needed to carry out the expanded program in schools.

At a time when all costs are escalating, school lunch costs and, in turn, school lunch prices, are no exception. Families are hard pressed to stretch their budgets to meet the growing demands placed upon them. The rolling back of the price of a lunch to each child would result in an average saving of $36 per year per child, which the family can use to meet other living expenses. This extra money would flow back into the economy at a time when it is especially needed—particularly at state and local levels.

Requirements of Clause 2(1)(3) of Rule XI

The Committee on Government Operations has not submitted oversight findings or recommendations to this Committee.

The Congressional Budget Office has not submitted the analysis required by section 403 of the Congressional Budget Act of 1974.

The Subcommittee on Elementary, Secondary, and Vocational Education did not hold specific oversight hearings on the operation of the School Lunch Act. However, in testimony before the Subcommittee on H.R. 3736 witnesses recommended changes in the current operation of the program. The changes that were recommended are described in the section of the report entitled "Major Provisions of the Bill".

Section-by-Section Analysis of H.R. 4222, as Reported

Section 1. This section states that the bill be cited as "the National School Lunch Act and Child Nutrition Act of 1966 Amendments of 1975".

Section 2. This section would make permanent the authorization of appropriations for the school breakfast program under section 4 of the Child Nutrition Act of 1966.

Section 3. This section would state as a matter of national policy that the breakfast program should be made available in all schools where it is needed and that the Secretary of Agriculture must carry out a program of information to implement this policy. The Secretary would have to report to the appropriate Congressional committees within 90 days after enactment of the bill his plans to expand the program.

Section 4. Subsection (a) of this section would amend the National School Lunch Act by directing the Secretary to make supplemental food assistance payments to State educational agencies in participating States, such supplemental payments not being subject to the matching requirements of sections 7 and 10.

The amount of such supplemental payments for each school participating in the program shall equal the number of lunches (other than free and reduced-price lunches) served to children in such school, multiplied by either the difference between the price of such a lunch in such school as of January 1, 1975, and 25 cents, or 10 cents, whichever is the greater. Supplemental payments to school districts participating in the school lunch program for the first time would be computed by multiplying the number of lunches (other than free and reduced price) served in the school by either the difference between the average price charged students for such lunches in the State on January 1, 1975, and 25 cents or 10 cents, whichever is the greater.

Subsection (b) of this section would amend section 8 of the National School Lunch Act to allow participation by a school only if no child in that school is required to pay a price in excess of 25 cents for a lunch during the fiscal year of participation.

Subsection (c) provides that the amendments made by this section shall be effective as of July 1, 1975.

Section 5. This section would make conforming changes necessitated by the amendment made by section 9(c).

Section 6. The National School Lunch Act presently requires States, in general, to match every dollar of Federal funds with $3 of State and local funds for the basic school lunch program. This section would waive that requirement for the amount of Federal funds received by a State to provide free and reduced price meals. No State, however, could reduce its present level of State funds due to this waiver.

Section 7. Subsection (a) of this section would amend the National School Lunch Act to provide that foods must be offered to students in the lunch program but that students cannot be required to accept foods they do not want.

Subsection (b) would amend the National School Lunch Act to provide that children eligible for reduced price meals could be from families having incomes no more than 100 percent above the family poverty guidelines prescribed by the Secretary annually. The present law provides that such eligibility must be limited to incomes no more than 75 percent in excess of the poverty guidelines.

This section further amends the National School Lunch Act by providing that any child of a parent or guardian who is the principal support of such child and is unemployed shall be served a free lunch during the period of unemployment. The school shall in no way discriminate against or overtly identify such child by special tokens, or other measures. The amendment made by this subsection shall be effective during the period beginning on the date of the enactment of the bill and ending one year thereafter.

Section 8. This section contains a technical amendment to the National School Lunch Act to make the provision authorizing direct payments to private nonprofit schools and institutions conform to the revised allocation method for school lunch funds contained in Public Law 92-433 and to the amendment made by section 9.

Section 9. Subsection (b) of this section amends the National School Lunch Act to include the Trust Territory of the Pacific Islands in the definition of "State" for the purposes of the Act.

Subsection (c) of this section would broaden the definition of "school" contained in the National School Lunch Act to include any public or licensed nonprofit private residential child care institution, adopting, for purposes of that paragraph, the same definition of "nonprofit" presently contained in section 12(d)(3) of the National School Lunch Act, which is a tax-exempt status under the Internal Revenue Code.

Section 10. This section would amend the National School Lunch Act to limit the special food service program for children (section 13 of such Act) to special summer programs operated by nonresidential public or private nonprofit institutions and residential public or private nonprofit summer camps.

This section also contains a new provision, that institutions eligible for the summer program would have to offer a regularly scheduled program for any period during the months of May through September at site locations where organized recreational activities or food

services are provided for children in attendance. In addition, this section provides that financial assistance to a service institution shall equal 80 percent of the operating costs of such institution's food service, or 100 percent of such institution's cash expenditure for the operating costs of its food service, whichever is less, but in no instance shall it exceed 80 cents for each lunch or supper served, 45 cents for each breakfast served, and 20 cents for each supplement served. This section further provides that the Secretary of Agriculture shall publish proposed and final regulations relating to the implementation of the summer food program each fiscal year by certain specified dates.

Section 11. This section would repeal from the National School Lunch Act a provision regarding the availability of section 32 funds which was operative during fiscal years 1971 and 1972.

Section 12. This section would amend the Child Nutrition Act of 1966 to include public or licensed nonprofit private, residential child care institutions. Such institutions would have to have tax-exempt status under the Internal Revenue Code in order to be eligible.

Section 13. Subsection (a) of this section would extend the Commodity Distribution Program contained in section 14 of the National School Lunch Act and require donation of cereal, and shortening and oil products at the level provided in fiscal year 1974.

Subsection (b) provides that in purchasing agricultural commodities, the Secretary of Agriculture shall not issue specifications which restrict participation of local producers unless it will result in significant advantages to the school lunch program.

Section 14. This section would provide that at least 75 percent of assistance provided under section 6 of the National School Lunch Act shall be in the form of foods purchased by the Department of Agriculture.

Section 15. This section would extend for three fiscal years the Special Supplemental Food Program contained in section 17 of the Child Nutrition Act of 1966, and authorize appropriations of $250,000,000 for each fiscal year, or, if there are not sufficient appropriations, use of funds appropriated by section 32 of the Act of August 24, 1935.

The allowance for administrative costs of any program carried out under authority of such section 17 is increased under this section to 15 percent of the Federal funds provided under the authority of such section 17. Present law provides a 10 percent limit.

Section 16. This section would amend the National School Lunch Act by adding a new section 16 to establish and maintain programs, on a permanent basis, for children in nonresidential child care institutions. Those institutions eligible under this section are public or private nonprofit organizations where children are not maintained in permanent residence, and which have received local, State or Federal licensing or approval. The institutions must have achieved or be moving toward tax-exempt status.

This section further provides that the Secretary of Agriculture shall make child care food payments to each State educational agency on at least a monthly basis, the computation of such reimbursements and commodity donations to be the same as those for lunches and breakfasts served in the school lunch and breakfast program. Reimbursements of surplus and supplements are to be continued.

Subsection (b)(2) of new section 16 authorizes the Secretary of Agriculture to provide additional funding, on at least a monthly basis, to those child care programs determined to be "especially needy".

Subsection (b)(3) of new section 16 provides that the payments for meals to be provided in any given month shall be forwarded to each State no later than the first day of each month.

Subsection (c) of new section 16 states that all meals served by participating institutions shall meet minimum nutritional requirements, and that no child shall be discriminated against because of his inability to pay. Commodities must be disbursed to these institutions under this program.

The new section provides for direct disbursement of funds to educational institutions in those States where the State educational agency is unable to disburse the funds.

The value of assistance to children under this new section shall not be considered income under any Federal or State laws. An authorization of appropriations would be provided for administrative expenses related to the new section. Of the sums appropriated under this new section and section 13 of the National School Lunch Act, $3,000,000 shall be available to provide non-food assistance for the child care program and the summer food program.

Section 17. Subsection (a) of this section amends the Child Nutrition Act of 1966 to expand the definition of "United States" under the special milk program to include the Commonwealth of Puerto Rico, the Virgin Islands, and the Trust Territory of the Pacific Islands.

Subsection (b) amends section 4(b)(1) of the Child Nutrition Act of 1966 by including the Trust Territory of the Pacific Islands immediately following American Samoa in the apportionment of funds.

Subsection (c) expands the definition of "State", for purposes of the Child Nutrition Act of 1966, to include the Trust Territory of the Pacific Islands.

Changes in Existing Law Made by H.R. 4222 as Reported

In compliance with Clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law proposed to be made by H.R. 4222, as reported by the subcommittee are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Child Nutrition Act of 1966

* * * * * * *

SPECIAL MILK PROGRAM AUTHORIZATION

SEC. 3. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1970, and for each succeeding fiscal year such sums as may be necessary to enable the Secretary of Agriculture, under such rules and regulations as he may deem in the public interest, to encourage consumption of fluid milk by children in the United States in (1) nonprofit schools of high school grade and under, and (2) nonprofit nursery schools, child-care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children. For the purposes of this section "United States" means the fifty States, Guam, *the Commonwealth of Puerto Rico, the Virgin Islands*, the Trust Territory of the Pacific Islands, and the District of Columbia. The Secretary shall administer the special milk program provided for by this section to the maximum extent practicable in the same manner as he administered the special milk program provided for by Public Law 89-642, as amended, during the fiscal year ending June 30, 1969. Any school or nonprofit child care institution shall receive the special milk program upon their request. Children that qualify for free lunches under guidelines set forth by the Secretary shall also be eligible for free milk. For the fiscal year ending June 30, 1975, and for subsequent fiscal years, the minimum rate of reimbursement for a half-pint of milk served in schools and other eligible institutions shall not be less than 5 cents per half-pint served to eligible children, and such minimum rate of reimbursement shall be adjusted on an annual basis each fiscal year thereafter, beginning with the fiscal year ending June 30, 1976, to reflect changes in the series of food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. Such adjustment shall be computed to the nearest one-fourth cent.

SCHOOL BREAKFAST PROGRAM AUTHORIZATION

SEC. 4. (a) There is hereby authorized to be appropriated such sums as are necessary for the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975, *and subsequent fiscal years* to enable the Sec-

retary to carry out a program to assist the States through grants-in-aid and other means to initiate, maintain, or expand nonprofit breakfast programs in all schools which make application for assistance and agree to carry out a nonprofit breakfast program in accordance with this Act. Appropriations and expenditures for this Act shall be considered Health, Education, and Welfare functions for budget purposes rather than functions of Agriculture.

APPORTIONMENT TO STATES

(b) Of the funds appropriated for the purposes of this section, the Secretary shall for the fiscal year ending June 30, 1973, (1) apportion $2,600,000 equally among the States other than Guam, the Virgin Islands, [and American Samoa] *American Samoa, and the Trust Territory of the Pacific Islands*, and $45,000 equally among Guam, the Virgin Islands, and [American Samoa] *American Samoa, and the Trust Territory of the Pacific Islands*, and (2) apportion the remainder among the States in accordance with the apportionment formula contained in section 4 of the National School Lunch Act, as amended. For each fiscal year beginning with the fiscal year ending June 30, 1974, the Secretary shall make breakfast assistance payments, at such times as he may determine, from the sums appropriated therefor, to each State educational agency, in a total amount equal to the result obtained by (1) multiplying the number of breakfasts (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary pursuant to subsection (c) of this section) served during such fiscal year to children in schools in such States which participate in the breakfast program under this section under agreements with such State educational agency by a national average breakfast payment prescribed by the Secretary for such fiscal year to carry out the purposes of this section; (2) multiplying the number of such breakfasts served free to children eligible for free breakfasts in such schools during such fiscal year by a national average free breakfast payment prescribed by the Secretary for such fiscal year to carry out the purposes of this section; and (3) multiplying the number of reduced price breakfasts served to children eligible for reduced price breakfasts in such schools during such fiscal year by a national average reduced price breakfast payment prescribed by the Secretary for such fiscal year to carry out the provisions of this section: *Provided*, That in any fiscal year the aggregate amount of the breakfast assistance payments made by the Secretary to each State educational agency for any fiscal year shall not be less than the amount of the payments made by the State educational agency to participating schools within the State for the fiscal year ending June 30, 1972, to carry out the purposes of this section. The national average payment established by the Secretary for all breakfasts served to eligible children shall not be less than 8 cents; an amount of not less than 15 cents shall be added for each reduced-price breakfast; and an amount of not less than 20 cents shall be added for each free breakfast. In cases of severe need, a payment of up to 45 cents may be made for each breakfast served to children qualifying for a free breakfast.

* * * * * * *

NONPROFIT PRIVATE SCHOOLS

(f) For the fiscal year ending June 30, 1973, any withholding of funds for and disbursement to nonprofit private schools shall be effected in the manner used prior to such fiscal year. Beginning with the fiscal year ending June 30, 1974, the Secretary shall make payments from the sums appropriated for any fiscal year for the purposes of this section directly to the [nonprofit private schools] *schools (as defined in section 15(c)) which are private and nonprofit (as defined in the last sentence of section 15(c))* within a State, that participate in the breakfast program under an agreement with the Secretary, for the same purposes and subject to the same conditions as are authorized or required under this section with respect to the disbursements by State educational agencies.

(g) As a national nutrition and health policy, it is the purpose and intent of the Congress that the school breakfast program be made available in all schools where it is needed to provide adequate nutrition for children in attendance. The Secretary is hereby directed, in cooperation with State educational agencies, to carry out a program of information in furtherance of this policy. Within ninety days after the enactment of this legislation, the Secretary shall report to the committees of jurisdiction in the Congress his plans and those of the cooperating State agencies to bring about the needed expansion in the school breakfast program.

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MISCELLANEOUS PROVISIONS AND DEFINITIONS

SEC. 15. For the purpose of this Act—

(a) "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, [or American Samoa] *American Samoa, or the Trust Territory of the Pacific Islands.*

(b) "State educational agency" means, as the State legislature may determine, (1) the chief State school officer (such as the State superintendent of public instruction, commissioner of education, or similar officer), or (2) a board of education controlling the State department of education.

[(c) "Nonprofit private school" means any private school exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

[(d) "School" means any public or nonprofit private school of high school grade or under, including kindergarten and preschool programs operated by such school and, with respect to Puerto Rico, shall also include nonprofit child-care centers certified as such by the Governor of Puerto Rico.]

(c) "School" means (A) any public or nonprofit private school of high school grade or under, including kindergarten and preschool programs operated by such school, (B) any public or licensed nonprofit private residential child care institution (including, but not limited to, orphanages, homes for the mentally retarded, homes for the emotionally disturbed, homes for unmarried mothers and their infants, temporary shelters for runaway children, temporary shelters for ab used

children, hospitals for children who are chronically ill, and juvenile detention centers), and, (C) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico. For purposes of clauses (A) and (B) of this paragraph, the term "nonprofit", when applied to any such private school or institution, means any such school or institution which is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1954.

[(e)] (*d*) "Secretary" means the Secretary of Agriculture. (42 U.S.C. 1784.)

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SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 17. (a) During each of the fiscal years ending June 30, 1973, June 30, 1974, [and] June 30, 1975, *June 30, 1976, September 30, 1977, and September 30, 1978;* the Secretary shall make cash grants to the health department or comparable agency of each State; Indian tribe, band, or group recognized by the Department of the Interior; or the Indian Health Service of the Department of Health, Education, and Welfare for the purpose of providing funds to local health or welfare agencies or private nonprofit agencies of such State; Indian tribe, band, or group recognized by the Department of the Interior; or the Indian Health Service of the Department of Health, Education, and Welfare serving local health or welfare needs to enable such agencies to carry out a program under which supplemental foods will be made available to pregnant or lactating women and to infants determined by competent professionals to be nutritional risks because of inadequate nutrition and inadequate income. Such program [shall be operated for a three-year period and] may be carried out in any area of the United States without regard to whether a food stamp program or a direct food distribution program is in effect in such area.

(b) In order to carry out the program provided for under subsection (a) of this section during [the fiscal year ending June 30, 1973, the Secretary shall use $20,000,000 out of funds appropriated by section 32 of the Act of August 24, 1935 (7 U.S.C. 612(c)). In order to carry out such program during the fiscal year ending June 30, 1974, there is authorized to be appropriated the sum of $20,000,000, but in the event that such sum has not been appropriated for such purpose by August 1, 1973, the Secretary shall use $20,000,000.] *each of the fiscal years ending June 30, 1976, September 30, 1977, and September 30, 1978 there is authorized to be appropriated the sum of $250,000,000 for each such fiscal year, but in the event that such sum has not been appropriated for such purpose within thirty days after the beginning of each fiscal year, the Secretary shall use $250,000,000* or if any amount has been appropriated for such program, the difference, if any, between the amount directly appropriated for such purpose and [$20,000,000] *$250,000,000* out of funds appropriated by section 32 of the Act of August 24, 1935 (7 U.S.C. [612(c))] *612c*). [In order to carry out such program during the fiscal year ending June 30, 1975, there is authorized to be appropriated the sum of $100,000,000, but in the event that such sum has not been appropriated for such purpose by

August 1, 1974, the Secretary shall use $100,000,000, or, if any amount has been appropriated for such program, the difference, if any, between the amount directly appropriated for such purpose and $100,000,000, out of funds appropriated by section 32 of the Act of August 24, 1935 (7 U.S.C. 612(c)).] Any funds expended from such section 32 to carry out the provisions of subsection (a) of this section shall be reimbursed out of any supplemental appropriation hereafter enacted for the purpose of carrying out the provisions of such subsection, and such reimbursements shall be deposited into the fund established pursuant to such section 32, to be available for the purpose of such section.

(c) Whenever any program is carried out by the Secretary under authority of this section through any State or local or nonprofit agency, he is authorized to pay administrative costs not to exceed [10] *15* per centum of the Federal funds provided under the authority of this section.

* * * * * * *

NATIONAL SCHOOL LUNCH ACT

* * * * * * *

APPORTIONMENT TO STATES

SEC. 4. (*a*) The sums appropriated for any fiscal year pursuant to the authorizations contained in section 3 of this Act, excluding the sum specified in section 5, shall be available to the Secretary for supplying agricultural commodities and other food for the program in accordance with the provisions of this Act. For each fiscal year the Secretary shall make food assistance payments, at such times as he may determine, from the sums appropriated therefor, to each State educational agency, in a total amount equal to the result obtained by multiplying the number of lunches (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary under subsection 9(a) of this Act) served during such fiscal year to children in schools in such State, which participate in the school lunch program under this Act under agreements with such State educational agency, by a national average payment per lunch for such fiscal year determined by the Secretary to be necessary to carry out the purposes of this Act: *Provided*, That in any fiscal year such national average payment shall not be less than 10 cents per lunch and that the aggregate amount of the food assistance payments made by the Secretary to each State educational agency for any fiscal year shall not be less than the amount of the payments made by the State agency to participating schools within the State for the fiscal year ending June 30, 1972, to carry out the purposes of this section 4.

(*b*)(*1*) *In addition to the food assistance payments under subsection (a) to a State educational agency for any fiscal year, the Secretary shall make supplemental food assistance payments for that year to any State educational agency in a total amount equal to the sum of the results obtained by multiplying (A) the number of lunches, other*

than free lunches and reduced-price lunches, (consisting of a combination of foods which meet the minimum nutritional requirements prescribed by the Secretary under section 9(a)), served during such fiscal year to children in each school in such State which participates in the school lunch program under this Act under agreements with such State educational agency in accordance with section 8, by (B) a payment per lunch for that school determined by the Secretary, in accordance with the first and second sentences of paragraph (3), whichever is appropriate.

(2) Supplemental payments to any State educational agency under this subsection shall not be subject to the matching requirements contained in the third sentence of section 7 and in the second sentence of section 10.

(3) In the case of any school which was participating in the school lunch program under this Act as of January 1, 1975, the payment per lunch for a school determined by the Secretary for purposes of making supplemental payments to a State educational agency for any fiscal year in accordance with paragraph (1) shall be an amount equal to (A) the difference between (i) the price, in effect on January 1, 1975, for a lunch (other than a free lunch or a reduced-price lunch) served to a child in that school and (ii) 25 cents, or (B) 10 cents, whichever is the greater. In the case of any school which was not participating in the school lunch program under this Act as of January 1, 1975, the payment per lunch for a school determined by the Secretary for purposes of making supplemental payments to a State educational agency for any fiscal year in accordance with paragraph (1) shall be equal to (A) the difference between (i) the average price, in effect on January 1, 1975, for a lunch (other than a free lunch or a reduced-price lunch) served to a child in all schools in that State which participate in the school lunch program under this Act under an agreement with such agency in accordance with section 8 and (ii) 25 cents, or (B) 10 cents, whichever is the greater.

* * * * * * *

DIRECT FEDERAL EXPENDITURES

SEC. 6. (a) The funds provided by appropriation or transfer from other accounts for any fiscal year for carrying out the provisions of this Act, and for carrying out the provisions of the Child Nutrition Act of 1966, other than section 3 thereof, less

(1) not to exceed 3½ per centum thereof which per centum is hereby made available to the Secretary for his administrative expenses under this Act and under the Child Nutrition Act of 1966;

(2) the amount apportioned by him pursuant to sections 4 and 5 of this Act and the amount appropriated pursuant to sections 11 and 13 of this Act and sections 4, 5, and 7 of the Child Nutrition Act of 1966; and

(3) not to exceed 1 per centum of the funds provided for carrying out the programs under this Act and the programs under the Child Nutrition Act of 1966, other than section 3, which per cen-

tum is hereby made available to the Secretary to supplement the nutritional benefits of these programs through grants to States and other means for nutritional training and education for workers, cooperators, and participants in these programs and for necessary surveys and studies of requirements for food service programs in furtherance of the purposes expressed in section 2 of this Act and section 2 of the Child Nutrition Act of 1966,

shall be available to the Secretary during such year for direct expenditure by him for agricultural commodities and other foods to be distributed among the States and schools and service institutions participating in the food service programs under this Act and under the Child Nutrition Act of 1966 in accordance with the needs as determined by the local school and service institution authorities. *In making purchases of such agricultural commodities and other foods, the Secretary shall not issue specifications which restrict participation of local producers unless such specifications will result in significant advantages to the national school lunch program.* The provisions of law contained in the proviso of the Act of June 28, 1937 (50 Stat. 323), facilitating operations with respect to the purchase and disposition of surplus agricultural commodities under section 32 of the Act approved August 24, 1935 (49 Stat. 774), as amended, shall, to the extent not inconsistent with the provisions of this Act, also be applicable to expenditures of funds by the Secretary under this Act.

(b) As of February 15 of each fiscal year, the Secretary shall make an estimate of the value of agricultural commodities and other foods that will be delivered during that fiscal year to States for school food service programs under the provisions of this section, section 416 of the Agricultural Act of 1949, and section 32 of the Act of August 24, 1935. If such estimated value is less than 90 per centum of the value of such deliveries initially programed for that fiscal year, the Secretary shall pay to State educational agencies, by not later than March 15 of that fiscal year, an amount of funds that is equal to the difference between the value of such deliveries initially programed for such fiscal year and the estimated value as of February 15 of such fiscal year of the commodities and other foods to be delivered in such fiscal year. The share of such funds to be paid to each State educational agency shall bear the same ratio to the total of such payment to all such agencies as the number of meals served under the provisions of section 9(a) of this Act and section 4(e) of the Child Nutrition Act of 1966 during the preceding fiscal year bears to the total of all such meals served in all the States during such fiscal year: *Provided*, That in any State in which the Secretary directly administers school food service programs in [the nonprofit private] *any of the* schools of such State, the Secretary shall withhold from the funds to be paid to any such State under the provisions of this subsection an amount that bears the same ratio to the total of such payment as the number of meals served in [nonprofit private] *such* schools under the provisions of section 9(a) of this Act and section 4(e) of the Child Nutrition Act of 1966 during that fiscal year bears to the total of such meals served in all the schools in such State in such fiscal year. Each State educational agency, and the Secretary in the case of [nonprofit private] schools in which he directly administers school food

service programs, shall promptly and equitably disburse such funds to schools participating in the lunch and breakfast programs under this Act and the Child Nutrition Act of 1966 and such disbursements shall be used by such schools to obtain agricultural commodities and other foods for their food service program. Such food shall be limited to the requirements for lunches and breakfasts for children as provided for in the regulations by the Department of Agriculture under title 7, subtitle (b), chapter II, subchapter (a), parts 210 and 220.

* * * * * * *

LEVEL OF COMMODITY ASSISTANCE

(e) For the fiscal year ending June 30, 1975, and subsequent fiscal years, the national average value of donated foods, or cash payments in lieu thereof, shall not be less than 10 cents per lunch, and that amount shall be adjusted on an annual basis each fiscal year after June 30, 1975, to reflect changes in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. Such adjustments shall be computed to the nearest one-fourth cent. Among those commodities delivered under this section, the Secretary shall give special emphasis to high protein foods, meat, and meat alternates. *Provided, That not less than 75 per centum of the assistance provided under this section shall be in the form of foods purchased by the Department of Agriculture for the school lunch program.*

PAYMENT TO STATES

SEC. 7. Funds apportioned to any State pursuant to section 4 or 5 during any fiscal year shall be available for payment to such State for disbursement by the State educational agency, in accordance with such agreements not inconsistent with the provisions of this Act, as may be entered into by the Secretary and such State educational agency, for the purpose of assisting schools of that State during such fiscal year, in supplying (1) agricultural commodities and other foods for consumption by children and (2) nonfood assistance in furtherance of the school-lunch program authorized under this Act. Such payments to any State in any fiscal year during the period 1947 to 1950, inclusive, shall be made upon condition that each dollar thereof will be matched during such year by $1 from sources within the State determined by the Secretary to have been expended in connection with the school-lunch program under this Act. Such payments in any fiscal year during the period 1951 to 1955, inclusive, shall be made upon condition that each dollar thereof will be so matched by one and one-half dollars; and for any fiscal year thereafter, such payments shall be made upon condition that each dollar will be so matched by $3. In the case of any State whose per capita income is less than the per capita income of the United States, the matching required for any fiscal year shall be decreased by the percentage which the State per capita income is below the per capita income of the United States. For the purpose of determining whether the matching requirements of this section and section 10, respectively, have been met, the reasonable

value of donated services, supplies, facilities, and equipment as certified, respectively, by the State educational agency and in case of schools receiving funds pursuant to section 10, by such schools (but not the cost or value of land, of the acquisition, construction, or alteration of buildings of commodities donated by the Secretary, or of Federal contributions), may be regarded as funds from sources within the State expended in connection with the school-lunch program. For the fiscal year beginning July 1, 1971, and the fiscal year beginning July 1, 1972, State revenue (other than revenues derived from the program) appropriated or utilized specifically for program purposes (other than salaries and administrative expenses at the State, as distinguished from local, level) shall constitute at least 4 per centum of the matching requirement for the preceding fiscal year; for each of the two succeeding fiscal years, at least 6 per centum of the matching requirement for the preceding fiscal year; for each of the subsequent two fiscal years, at least 8 per centum of the matching requirement for the preceding fiscal year; and for each fiscal year thereafter, at least 10 per centum of the matching requirement for the preceding fiscal year. The State revenues made available pursuant to the preceding sentence shall be disbursed to schools, to the extent the State deems practicable, in such manner that each school receives the same proportionate share of such revenues as it receives of the funds apportioned to the State for the same year under sections 4 and 11 of the National School Lunch Act and sections 4 and 5 of the Child Nutrition Act of 1966. The Secretary shall certify to the Secretary of the Treasury from time to time the amounts to be paid to any State under this section and the time or times such amounts are to be paid; and the Secretary of the Treasury shall pay to the State at the time or times fixed by the Secretary the amounts so certified. *Provided, however, That the total State matching of $3 for $1, as required in the third sentence of this section with adjustments for the per capita income of the State, shall not apply with respect to the payments made to participating schools under section 4 of this Act for free and reduced price meals: Provided further, That the foregoing proviso does not apply in the case of State level matching as required under the sixth sentence of this section.*

STATE DISBURSEMENT TO SCHOOLS

SEC. 8. Funds paid to any State during any fiscal year pursuant to section 4 or 5 shall be disbursed by the State educational agency, in accordance with such agreements approved by the Secretary as may be entered into by such State agency and the schools in the State, to those schools in the State which the State educational agency, taking into account need and attendance, determines are eligible to participate in the school-lunch program, *except that a school in the State shall be eligible to participate in the school lunch program during that fiscal year only if no child in that school is required to pay a price in excess of 25 cents for a lunch served in that school during that fiscal year.* Such disbursement to any school shall be made only for the purpose of assisting it to finance the cost of obtaining agricultural commodities and other foods for consumption by children

in the school-lunch program and nonfood assistance in connection with such program. Such food costs may include, in addition to the purchase price of agricultural commodities and other foods, the cost of processing, distributing, transporting, storing, or handling thereof. In no event shall such disbursement for food to any school for any fiscal year exceed an amount determined by multiplying the number of lunches served in the school in the school-lunch program under this Act during such year by the maximum Federal food-cost contribution rate for the State, for the type of lunch served, as prescribed by the Secretary. In any fiscal year in which the national average payment per lunch determined under section 4 is increased above the amount prescribed in the previous fiscal year, the maximum Federal food-cost contribution rate for the type of lunch served, shall be increased by a like amount. Lunch assistance disbursements to schools under this section and under section 11 of this Act may be made in advance or by way of reimbursement in accordance with procedures prescribed by the Secretary.

NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS

SEC. 9. (a) Lunches [served] *provided* by schools participating in the school-lunch program under this Act shall *consist of foods, which must be offered to students, which* meet minimum nutritional requirements prescribed by the Secretary on the basis of tested nutritional research [;] , except that such [minimum] nutritional requirements shall not be construed to prohibit the substitution of foods to accommodate the medical or other special dietary needs of individual students *or to require students to accept offered foods which they do not intend to consume.*

(b) (*1*) The Secretary, not later than May 15 of each fiscal year, shall prescribe an income poverty guideline setting forth income levels by family size for use in the subsequent fiscal year, and such guideline shall not subsequently be reduced to be effective in such subsequent fiscal year. Any child who is a member of a household which has an annual income not above the applicable family-size income level set forth in the income poverty guideline prescribed by the Secretary shall be served a free lunch. Following the announcement by the Secretary of the income poverty guideline for each fiscal year, each State educational agency shall prescribe the income guidelines, by family size, to be used by schools in the State during such fiscal year in making determinations of those children eligible for a free lunch. The income guidelines for free lunches to be prescribed by each State educational agency shall not be less than the applicable family-size income levels in the income poverty guideline prescribed by the Secretary and shall not be more than 25 per centum above such family-size income levels. Each fiscal year, each State educational agency shall also prescribe income guidelines, by family size, to be used by schools in the State during such fiscal year in making determinations of those children eligible for a lunch at a reduced price, not to exceed 20 cents, if a school elects to serve reduced-price lunches. Such income guidelines for reduced-price lunches shall be prescribed at not more than 50 per centum above the applicable family-size income levels in the

income poverty guideline prescribed by the Secretary, except that any local school authority having income guidelines for free or reduced-price lunches which exceed those allowed by this subsection may continue to use such guidelines for determining eligibility until July 1, 1973, if such guidelines were established prior to July 1, 1972. Local school authorities shall publicly announce such income guidelines on or about the opening of school each fiscal year and shall make determinations with respect to the annual incomes of any household solely on the basis of a statement executed in such form as the Secretary may prescribe by an adult member of such household. No physical segregation of or other discrimination against any child eligible for a free lunch or a reduced-price lunch shall be made by the school nor shall there be any overt identification of any child by special tokens or tickets, announced or published lists of names, or by other means: *Provided further*, That, beginning with the fiscal year ending June 30, 1974, State educational agencies are authorized to establish income guidelines for reduced price lunches at not more than [75] *100* per centum above the applicable family size income levels in the income poverty guidelines as prescribed by the Secretary.

(2) *Any child who has a parent or guardian who (A) is responsible for the principal support of such child and (B) is unemployed shall be served a free lunch during any period in which such child's parent or guardian continues to be unemployed. Local school authorities shall publicly announce that such children are eligible for a free lunch, and shall make determinations with respect to the status of any parent or guardian of any child under clauses (A) and (B) of the preceding sentence solely on the basis of a statement executed in such form as the Secretary may prescribe by such parent or guardian. No physical segregation of, or other discrimination against, any child eligible for a free lunch under this paragraph shall be made by the school nor shall there be any overt identification of any such child by special tokens or tickets, announced or published lists of names, or by any other means.*

(c) School-lunch programs under this Act shall be operated on a nonprofit basis. Each school shall, insofar as practicable, utilize in its lunch program commodities designated from time to time by the Secretary as being in abundance, either nationally or in the school area, or commodities donated by the Secretary. Commodities purchased under the authority of section 32 of the Act of August 24, 1935 (49 Stat. 774), as amended, may be donated by the Secretary to schools, in accordance with the needs as determined by local school authorities, for utilization in the school-lunch program under this Act as well as to other schools carrying out nonprofit school-lunch programs and institutions authorized to receive such commodities. The Secretary is authorized to prescribe terms and conditions respecting the use of commodities donated under such section 32, under section 416 of the Agricultural Act of 1949, as amended, and under section 709 of the Food and Agriculture Act of 1965, as amended, as will maximize the nutritional and financial contributions of such donated commodities in such schools and institutions. The requirements of this section relating to the service of meals without cost or at a reduced cost shall apply to the lunch program of any school utilizing commodities donated under any of the provisions of law referred to in the preceding

sentence. None of the requirements of this section in respect to the amount for "reduced cost" meals and to eligibility for meals without cost shall supply to [nonprofit private schools] *schools (as defined in section 12(d)(6)) which are private and nonprofit (as defined in the last sentence of section 12(d)(6))* which participate in the school-lunch program under this Act until such time as the State educational agency, or in the case of such schools which participate under the provisions of section 10 of this Act the Secretary certifies that sufficient funds from sources other than children's payments are available to enable such schools to meet these requirements. (42 U.S.C. 1758).

[NONPROFIT PRIVATE SCHOOLS] *DISBURSEMENT TO SCHOOLS BY THE SECRETARY*

SEC. 10. If, in any State, the State educational agency is not permitted by law to disburse the funds paid to it under this Act to [nonprofit private] *any of the* schools in the State, or is not permitted by law to match Federal funds made available for use by such [nonprofit private] schools, the Secretary shall [withhold from the funds apportioned to any such State under sections 4 and 5 of this Act an amount which bears the same ratio to such funds as the number of lunches, consisting of a combination of foods and meeting the minimum requirements prescribed by the Secretary pursant to section 9, served in the fiscal year beginning two years immediately prior to the fiscal year for which the Federal funds are appropriated by all nonprofit private schools participating in the program under this Act within the State, as determined by the Secretary, bears to the participation rate for the State. The Secretary shall] disburse the funds [so withheld] directly to [the nonprofit private] *such* schools within said State for the same purposes and subject to the same conditions as are authorized or required with respect to the [disbursement] *disbursements* to schools within the State by the State educational agency, including the requirement that any such payment or payments shall be matched, in the proportion specified in section 7 for such State, by funds from sources within the State expended by [nonprofit private] *such* schools within the State participating in the [school-lunch] *school lunch* program under this Act. Such funds shall not be considered a part of the funds constituting the matching funds under the terms of section 7 [: *Provided*, That beginning with the fiscal year ending June 30, 1974, the Secretary shall make payments from the sums appropriated for any fiscal year for the purposes of section 4 and section 11 of this Act directly to the nonprofit private schools in such State for the same purposes and subject to the same conditions as are authorized or required under this Act with respect to the disbursements by the State educational agencies].

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MISCELLANEOUS PROVISIONS AND DEFINITIONS

SEC. 12. (a) * * *

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(d) For the purposes of this Act—

(1) "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam,

[or American Samoa] *American Samoa, or the Trust Territory of the Pacific Islands.*

(2) "State educational agency" means, as the State legislature may determine, (A) the chief State school officer (such as the State superintendent of public instruction, commissioner of education, or similar officer), or (B) a board of education controlling the State department of education; except that in the District of Columbia it shall mean the Board of Education.

[(3) "Nonprofit private school" means any private school exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1954.]

[(4)] *(3)* "Nonfood assistance" means equipment used by schools in storing, preparing, or serving food for school children.

[(5)] *(4)* "Participation rate" for a State means a number equal to the number of lunches, consisting of a combination of foods and meeting the minimum requirements prescribed by the Secretary pursuant to section 9, served in the fiscal year beginning two years immediately prior to the fiscal year for which the Federal funds are appropriated by schools participating in the program under this Act in the State, as determined by the Secretary.

[(6)] *(5)* "Assistance need rate" (A) in the case of any State having an average annual per capita income equal to or greater than the average annual per capita income for all the States, shall be 5; and (B) in the case of any State having an average annual per capita income less than the average annual per capita income for all the States, shall be the product of 5 and the quotient obtained by dividing the average annual per capita income for all the States by the average annual per capita income for such State, except that such product may not exceed 9 for any such State. For the purposes of this paragraph (i) the average annual per capita income for any State and for all the States shall be determined by the Secretary on the basis of the average annual per capita income for each State and for all the States for the three most recent years for which such data are available and certified to the Secretary by the Department of Commerce; and (ii) the average annual per capita income for American Samoa shall be disregarded in determining the average annual per capita income for all the States for periods ending before July 1, 1967.

[(7)] *(6)* "School" means *(A)* any public or nonprofit private school of high school grade or under [and, with respect to Puerto Rico, shall also include nonprofit child-care centers certified as such by the Governor of Puerto Rico], *(B) any public or licensed nonprofit private residential child care institution (including, but not limited to, orphanages, homes for the mentally retarded, homes for the emotionally disturbed, homes for unmarried mothers and their infants, temporary shelters for runaway children, temporary shelters for abused children, hospitals for children who are chronically ill, and juvenile detention centers), and (C) with respect to the Commonwealth of Puerto Rico, nonprofit child care centers certified as such by the Governor of Puerto Rico. For purposes of clauses (A) and (B) of this paragraph, the term "nonprofit", when applied to any such private school or institution, means any such school or institution which*

is exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1954.

SPECIAL FOOD SERVICE PROGRAM FOR CHILDREN

SEC. 13. (a)(1) There is hereby authorized to be appropriated such sums as are necessary for [each of] the fiscal [years ending June 30, 1973, June 30, 1974, and June 30, 1975] *year ending June 30, 1976,* to enable the Secretary to formulate and carry out a program to assist States through grants-in-aid and other means, to initiate, maintain, or expand nonprofit food service programs for children in service insttiutions. For purposes of this section, the term "service institutions" means [private, nonprofit institutions or public institutions, such as child day-care centers, settlement houses, or recreation centers, which provide day care, or other child care where children are not maintained in residence, for children from areas in which poor economic conditions exist and from areas in which there are high concentrations of working mothers, and includes public and private nonprofit institutions providing day care services for handicapped children] *nonresidential public or private, nonprofit institutions and residential, public or private nonprofit summer camps that develop special summer programs providing food service similar to that available to children under the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 during the school year. To the maximum extent feasible, consistent with the purposes of this section, special summer programs shall utilize the existing food service facilities of public and nonprofit private schools. Any eligible service institution shall receive the summer food program upon its request.*

[(2) Subject to all the provisions of this section the term "service institutions" also includes public or private nonprofit institutions that develop special summer programs providing food service similar to that available to children under the National School Lunch or School Breakfast Programs during the school year including such institutions providing day care services for handicapped children. To the maximum extend feasible consistent with the purposes of this section special summer programs shall utilize the existing food service facilities of public and nonprofit private schools.]

(2) Service institutions eligible to participate under the program authorized under this section shall be limited to those which conduct a regularly scheduled program for children from areas in which poor economic conditions exist and from areas in which there are high concentrations of working mothers for any period during the months of May through September at site locations where organized recreation activities or food services are provided for children in attendance.

* * * * * * *

(c)(1) Funds paid to any State under this section shall be disbursed by the State educational agency to service institutions selected on a nondiscriminatory basis by the State educational agency, (A) to reimburse the service institutions for the cost of obtaining agricultural commodities and other foods, and (B) for the purposes of paragraphs (2) and (3) of this subsection. The costs of obtaining agricultural commodities and other foods may include the cost of the

processing, distributing, transporting, or handling hereof. [Disbursement per meal as the Secretary shall prescribe.]

[(2) In circumstances of severe need where the rate per meal established by the Secretary is insufficient to carry on an effective feeding program, the Secretary may authorize financial assistance not to exceed 80 per centum of the operating costs of such a program, including the cost of obtaining, preparing, and serving food. Non-Federal contributions may be in cash or kind, fairly evaluated, including but not limited to equipment and services. In the selection of institutions to receive assistance under this subsection, the State educational agency shall require the applicant institutions to provide justification of the need for such assistance.]

(2) The Secretary shall provide financial assistance to a service institution in an amount equal to whichever is the lesser of the following per centums of the operating costs (which shall be determined by including the fair evaluation of in-kind contributions, and the cost of obtaining, preparing, and serving food) of such institution's food service:

(A) 80 per centum of the operating costs of such institution's food service, or

(B) 100 per centum of such institution's cash expenditure for the operating costs of its food service,

except that such financial assistance to any such institution shall not exceed 80 cents for each lunch or supper served, 45 cents for each breakfast served, and 20 cents for each supplement served, and except that such maximum rates shall be adjusted each March 1 to the nearest ¼ cent in accordance with changes for the twelve-month period ending on the preceding January 31 in the series for food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. The initial such adjustment shall be made on March 1, 1976, and shall reflect the change in the series for food away from home during the period January 31, 1975, to January 31, 1976.

* * * * * * *

[(i) Notwithstanding any other provision of law, the Secretary of Agriculture is authorized to utilize, during the period May 15 to September 15, 1972, not to exceed $25,000,000 from funds available during the fiscal years 1972 and 1973 under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out the purposes of this section. Funds expended under the provisions of this paragraph shall be reimbursed out of any supplemental appropriation hereafter enacted for the purpose of carrying out section 13 of the National School Lunch Act, and such reimbursements shall be deposited into the fund established pursuant to section 32 of the Act of August 24, 1935, to be available for the purposes of said section 32. Funds made available under this subsection shall be in addition to direct appropriations or other funds available for the conduct of summer food service programs for children.]

(i) The Secretary shall publish proposed regulations relating to the implementation of the summer food program by January 1 of each fiscal year, and shall publish final regulations, guidelines, applications, and handbooks by March 1 of each fiscal year.

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COMMODITY DISTRIBUTION PROGRAM

SEC. 14. Notwithstanding any other provisions of law, the Secretary, during the period beginning July 1, 1974, and ending [June 30, 1975,] *September 30, 1978*, shall—

(1) use funds available to carry out the provisions of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) which are not expended or needed to carry out such provisions, to purchase (without regard to the provisions of existing law governing the expenditure of public funds) agricultural commodities and their products of the types customarily purchased under such section, for donation to maintain the annual programmed level of assistance for programs carried on under this Act, the Child Nutrition Act of 1966, and title VII of the Older Americans Act of 1965; and

(2) if stocks of the Commodity Credit Corporation are not available, use the funds of such Corporation to purchase agricultural commodities and their products of the types customarily available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), for such donation[.] *; and*

(3) include among the products for the food donations to the school lunch program such cereal and shortening and oil products as were provided in the fiscal year 1974. Such products shall be provided to the school lunch program in the same or greater quantities as were provided in the fiscal year 1974 and shall be in addition to the value of commodity donations, or cash in lieu thereof, as provided for in section 6 of this Act.

NATIONAL ADVISORY COUNCIL

SEC. 15. (a) There is hereby established a council to be known as the National Advisory Council on Child Nutrition (hereinafter in this section referred to as the "Council") which shall be composed of fifteen members appointed by the Secretary. One member shall be a school administrator, one member shall be a person engaged in child welfare work, one member shall be a person engaged in vocational education work, one member shall be a nutrition expert, one member shall be a school food service management expert, one member shall be a State superintendent of schools (or the equivalent thereof), one member shall be a supervisor of a school lunch program in a school system in an urban area (or the equivalent thereof), one member shall be a supervisor of a school lunch program in a school system in a rural area, one member shall be a State school lunch director, or the equivalent thereof), one member shall be a person serving on a school board, one member shall be a classroom teacher, and four members shall be officers or employees of the Department of Agriculture specially qualified to serve on the Council because of their education, training, experience, and knowledge in matters relating to child food programs.

(b) The eleven members of the Council appointed from outside the Department of Agriculture shall be appointed for terms of three years, except that nine members first appointed to the Council shall be appointed as follows: Three members shall be appointed for terms of three years, three members shall be appointed for terms of two years,

and three members shall be appointed for terms of one year. Thereafter all appointments shall be for a term of three years, except that a person appointed to fill an unexpired term shall serve only for the remainder of such term. Members appointed from the Department of Agriculture shall serve at the pleasure of the Secretary.

(c) The Secretary shall designate one of the members to serve as Chairman and one to serve as Vice Chairman of the Council.

(d) The Council shall meet at the call of the Chairman but shall meet at least once a year.

(e) Eight members shall constitute a quorum and a vacancy on the Council shall not affect its powers.

(f) It shall be the function of the Council to make a continuing study of the operation of programs carried out under the National School Lunch Act, the Child Nutrition Act of 1966, and any related Act under which meals are provided for children, with a view to determinating how such programs may be improved. The Council shall submit to the President and the Congress annually a written report of the results of its study together with such recommendations for administrative and legislative changes as it deems appropriate.

(g) The Secretary shall provide the Council with such technical and other assistance, including secretarial and clerical assistance, as may be required to carry out its functions under this Act.

(h) Members of the Council shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the Council.

[SEC. 15. (a) In addition to funds appropriated or otherwise available, the Secretary is authorized to use, during the fiscal year ending June 30, 1971, not to exceed $35,000,000 in funds from section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out the provisions of this Act, and during the fiscal year ending June 30, 1972, not to exceed $100,000,000 in funds from such section 32 to carry out the provisions of this Act relating to the service of free and reduced-price meals to needy children in schools and service institutions.

[(b) Any funds unexpended under this section at the end of the fiscal year ending June 30, 1971, or at the end of the fiscal year ending June 30, 1972, shall remain available to the Secretary in accordance with the last sentence of section 3 of this Act, as amended.]

CHILD CARE FOOD PROGRAM

SEC. 16. (a) (1) There is hereby authorized to be appropriated such sums as are necessary in any fiscal year to enable the Secretary to formulate and carry out a program to assist States through grants-in-aid and other means to initiate, maintain, or expand nonprofit food service programs for children in institutions providing child care. Any funds appropriated to carry out the provisions of this section shall remain available until expended.

(2) For purposes of this section, the term "institution" means any public or private nonprofit organization where children are not maintained in permanent residence including, but not limited to, day care centers, settlement houses, recreation centers, family day care programs, Head Start centers, Homestart programs, and institutions providing day care services for handicapped children. No such insti-

tution shall be eligible to participate in this program unless it has either local, State, or Federal licensing or approval as a child care institution, or can satisfy the Secretary that it is in compliance with the applicable Federal Interagency Day Care Requirements of 1968. An institution may be approved for funding under this section: Provided, That, under conditions established by the responsible State or local government unit, such institution is moving toward compliance with the requirements for tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1954, or is currently operating a federally funded program requiring nonprofit status. For purposes of this section, the term "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands. Any institution shall receive the child care food programs upon its request.

(b)(1) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make child care food payments no less frequently than on a monthly basis to each State educational agency in an amount no less than the sum of the products obtained by multiplying (A) the number of breakfasts served in child care food programs within that State by the national average payment rate for breakfasts under section 4 of the Child Nutrition Act of 1966, (B) the number of breakfasts served in child care food programs within that State to children from families whose incomes meet the eligibility criteria for free school meals by the national average payment rate for free breakfasts under section 4 of the Child Nutrition Act of 1966, (C) the number of breakfasts served in child care food programs within that State to children from families whose incomes meet the eligibility criteria for reduced price school meals by the national average payment rate for reduced price school breakfasts under section 4 of the Child Nutrition Act of 1966, (D) the number of lunches and suppers served in child care food programs within that State by the national average payment rate for lunches under section 4 of the National School Lunch Act, (E) the number of lunches and suppers served in child care food programs within that State to children from families whose incomes meet the eligibility criteria for free school meals by the national average payment rate for free school lunches under section 11 of the National School Lunch Act, (F) the number of lunches and suppers served in child care food programs in that State to children whose families meet the eligibility criteria for reduced price school meals by the national average payment factor for reduced price lunches under section 11 of the National School Lunch Act, (G) the number of snacks served in child care food programs in that State by 5 cents, (H) the number of snacks served in child care food programs in that State to children from families whose incomes meet the eligibility criteria for free school meals by 15 cents, and (I) the number of snacks served in child care food programs in that State to children from families whose incomes meet the eligibility criteria for reduced price school meals by 10 cents. The rates established pursuant to clauses (G), (H), and (I) shall be adjusted semi-annually to the nearest $0.0025 by the Secretary to reflect the changes in the series of food away from home of the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor. The initial such such adjustment shall be effective January 1, 1976, and shall reflect

changes in the series food away from home during the period June through November 1975. Reimbursement for meals provided under this section shall not be dependent upon collection of moneys from participating children.

(2) For each fiscal year beginning with the fiscal year ending June 30, 1976, the Secretary shall make further child care food payments no less frequently than a monthly basis to each State educational agency in amounts equal to the sum of the product obtained by multiplying the number of breakfasts, lunches, suppers, and snacks served in special food service programs within that State by institutions that are determined to be especially needy by the difference between the cost of providing such meals (which shall include the full cost of obtaining, handling, serving, and preparing food as well as supervisory and administrative costs and indirect expenses, but not including the cost of equipment provided for under subsection (j)) and the respective rates for such meals specified in paragraph (1) of this subsection.

(3) No later than the first day of each month, the Secretary shall forward to each State an advance payment for meals served in that month pursuant to paragraphs (1) and (2) of this subsection, which payment shall be no less than the total payment made to such State for meals served pursuant to paragraphs (1) and (2) of this subsection, for the most recent month in which fiscal reimbursement claims have been settled. The Secretary shall forward any remaining payment due pursuant to paragraphs (1) and (2) of this subsection no later than thirty days following receipt of valid claims, except that any funds advanced to a State for which valid claims have not been established within ninety days shall be deducted from the next appropriate monthly advance payments, unless the claimant requests a hearing with the Secretary prior to the ninetieth day.

(c) Meals served by institutions participating in the program under this section shall consist of a combination of foods and shall meet minimum nutritional requirements prescribed by the Secretary on the basis of tested nutritional research. Such meals shall be served free to needy children. No physical segregation or other discrimination against any child shall be made because of his inability to pay, nor shall there be any overt identification of any such child by special tokens or tickets, announced or published lists of names, or other means. No institution shall be prohibited from serving a breakfast, lunch, dinner, and snack to each eligible child each day.

(d) Funds paid to any State under this section shall be disbursed by the State agency to institutions approved for participation on a nondiscriminatory basis to reimburse such institutions for all costs, including labor and administrative expenses, of food service operations. All valid claims from such institutions shall be paid within thirty days.

(e) Irrespective of the amount of funds appropriated under section 13 of this Act, foods available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) or purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), or section 907 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446 a-1), shall be donated by the Secretary of Agriculture to institutions participating in the child care food program in accordance with the needs as determined by authorities of these institutions for utilization in their feeding programs.

The amount of such commodities donated to each State for each fiscal year shall be, at a minimum, the amount obtained by multiplying the number of lunches served in participating institutions during that fiscal year by the rate for commodities and cash in lieu thereof established for that fiscal year in accordance with the provisions of 6(e) of this Act.

(f) If in any State the State educational agency is not permitted by law or is otherwise unable to disburse the funds paid to it under this section to any service institution in the State, the Secretary shall withhold all funds provided under this section and shall disburse the funds so withheld directly to servie institutions in the State for the same purpose and subject to the same conditions as are required of a State educational agency disbursing funds made available under this section.

(g) The value of assistance to children under this section shall not be considered to be income or resources for any purpose under any Federal or State laws, including laws relating to taxation and welfare and public assistance programs. Expenditures of funds from State and local sources for the maintenance of food programs for children shall not be diminished as a result of funds received under this section.

(h) There is hereby authorized to be appropriated for any fiscal year such sums as may be necessary to the Secretary for his administrative expenses under this section.

(i) States, State educational agencies, and service institutions participating in programs under this section shall keep such accounts and records as may be necessary to enable the Secretary to determine whether there has been compliance with this section and the regulations hereunder. Such accounts and records shall at all times be available for inspection and audit by representatives of the Secretary and shall be preserved for such period of time, not in excess of five years, as the Secretary determines is necessary.

(j)(1) Of the sums appropriated for any fiscal year pursuant to the authorization contained in this section and section 13 of this Act, $3,000,000 shall be available to the Secretary for the purpose of providing, during each such fiscal year, nonfood assistance for the child care food program, and the summer food program. The Secretary shall apportion among the States during each fiscal year the aforesaid sum of $3,000,000: Provided, That such an apportionment shall be made according to the ratio among the States of the number of children below age 6 who are members of households which have an annual income not above 125 per centum of the applicable family size income level set forth in the income poverty guideline prescribed by the Secretary under section 9(b) of this Act

(2) If any State cannot utilize all of the funds apportioned to it under the provisions of this section, the Secretary shall make further apportionments to the remaining States. Payments to any State of funds apportioned under the provisions of this subsection for any fiscal year shall be made upon condition that at least one-fourth of the cost of equipment financed under this section shall be borne by funds from sources within the State, except that such condition shall not apply with respect to funds used under this section to assist institutions determined by the State to be especially needy.

ADDITIONAL VIEWS OF HON. RONALD MOTTL

I wish to express my complete and full support for the provisions of H.R. 4222. This bill offers the children of our country more access and more opportunity to participate in a program which is so essential to the physical and mental development of our children.

Special notice is taken of Sections 2 and 3 of H.R. 4222 which amends Section 4 of the Child Nutrition Act of 1966. Section 2 makes permanent the School Breakfast Program. Section 4 expresses the desire of Congress to make the School Breakfast Program a matter of national nutrition and health policy. Furthermore, it directs the Secretary of Agriculture to inform the schools of this policy.

It is this breakfast program that allows children to start the day with adequate nutrition and food, a condition that helps them come to the classroom more attentive and aware. Teachers have written to the Committee expressing the positive change in the children's learning habits and attitudes as a result of this breakfast. Some families do not have enough income to provide their children with a nutritious breakfast, let alone any breakfast. In other families, two working parents may mean that nobody has the time to give the child a breakfast.

In 1966, Secretary Freeman came to my home state of Ohio and sat down with some children to eat in the first pilot breakfast program. Since that time, the program has grown into a viable, effective method of helping our children. From its official inception in 1967, the School Breakfast Program has grown from a participation rate of 18 schools serving 65,353 breakfasts to 997 children to a program with 273 schools and 54,980 children in fiscal year 1975 serving 787,828 breakfasts.

The School Breakfast Program has grown into an important and necessary element of the school day and the well-being of the school child. Therefore, I am *especially* proud and happy to support Sections 2 and 3 of H.R. 4222, in addition to the other provisions of the bill.

RONALD M. MOTTL.

MINORITY VIEWS (H.R. 4222)

We, the undersigned, have supported legislation which has resulted in enormous increases in the school lunch and child nutrition programs in recent years, and resulted in very substantial increases in services to needy children as well as increased Federal support for all lunches served. However, we cannot support this bill as reported by the Committee because of the huge and unwise expenditures added by two provisions in particular.

The first would set a maximum charge per school lunch for children who do not receive a free or reduced-price lunch at 25¢ (as opposed to an average of 45¢ this year), which would cost an estimated $655 million next year.

The other provision is one mandating the purchase of specified commodities—cereals, oils, and shortening—at the 1974 level of purchase *in addition to* the level of commodity purchases (or cash in lieu of commodities) which are now 10¢ a meal and with an escalator clause could go to 11.1¢ next year. The cost of this addition is $79,000,000. Aside from cost, we believe that this provision is extremely unwise. Once the Congress starts mandating the purchase of certain commodities as opposed to others there may be no end to such requirements, and the Department of Agriculture may well be put in the position of not being able to take best advantage of market conditions. The reason cereals, oils, and shortening was not purchased last year is that the Department concentrated very heavily on purchases of beef, cheese, and other meats, thus providing the schools with high protein items highly desirable from a nutritional standpoint. Thus supplied, they could make their own purchases of cereals and oils.

These two items alone add $734 million to the cost of this bill. The total cost of the program next year under this bill will be $3,676,900,000, an increase of $1,640,900,000 over fiscal 1975 costs of these programs (80% over the existing program) and an increase of $1,258,900,000 over what the cost of existing programs would be next year if they were simply extended.

As we have said, we feel that $734 million of this increase is completely unjustified, and most particularly in view of proposed budgetary deficits and other priorities in national needs, including more pressing ones in education and in nutrition itself (a point made in Committee by our colleague, Mrs. Chisholm, in opposing the 25¢ cap on the cost of meals to paying students.

Although we did not consider the proposal in the Budget for a block-grant approach to these programs focused entirely on needy persons (no legislative proposal had yet been submitted), and we are not here supporting that approach, we feel obliged to point out that in terms of adding to the forecasted Budget deficit for fiscal 1976, the cost of this bill would be more than double the Budget request of $1.7 billion. A comparison of the program costs is set forth in the following table.

TABLE 1.—CHILD NUTRITION PROGRAMS, 1976

[In millions of dollars]

	Fiscal year 1975 estimate	Extension of existing legislation	Administration legislation	H.R. 4222
School lunch	$439.1	$498.0	----------	$630.0
Supplemental payment (25-cent limit)	----------	----------	----------	655.0
Free and reduced	731.7	865.0	----------	970.2
Breakfast	77.0	104.0	----------	154.0
Nonfood assistance	28.0	28.0	----------	28.0
State administration expense	6.7	6.7	----------	6.7
Nonschool food program:				
Summer	52.7	62.0	----------	62.0
Year-round	64.0	68.0	----------	93.0
Grants in lieu of Comm	----------	73.0	----------	170.0
Nutrition training and surveys and operating expense	10.0	14.4	----------	15.0
Commodities	417.0	365.2	----------	509.0
Special milk	119.1	134.0	----------	134.0
Special supplemental food program	101.0	200.0	----------	250.0
Total	2,046.3	2,418.3	[1] 1,532.5	3,676.9

[1] Represents the administration block grant proposal.

A thorough review of the growth of the school lunch and child nutrition programs is needed to put our position in proper perspective. But first, two things should be made clear. First, the existing program permits serving reduced-price lunches at 20¢ to children whose family income ranges up to 75 percent above the income poverty guideline for a family of four of $4,510 in fiscal 1975—or $7,900; and that this bill would increase the reduced price eligibility (while putting a 10¢ cap on the cost of the reduced-price meal) to 100 percent above the poverty guideline for a family of four—or $9,020 currently, and of course higher for larger families. Thus, in discussing the 25¢ maximum to be charged for a school lunch we are talking about children from families above that income level—which very likely will be higher next year as the basic level goes up.

Moreover, it is important to note that *every* school lunch served is Federally subsidized at nearly 22¢, plus a State and local contribution of 20.3¢ per meal in 1974. Thus the price of a meal to a paying student already runs as low as 25¢ in some schools and ranges up to 55¢ in others.

History of School Lunch Expansion

Participation in the National School Lunch Program expanded rapidly from its beginning in 1946 to 1971. In its first year of operation the program reached 6.59 million children or 24.8 percent of the total U.S. enrollment. Of these children approximately .8 million were served lunch free or at reduced prices. The program grew steadily until it reached 24.6 million children in fiscal 1971, nearly four times the number originally served. Of these children an estimated 7.3 million children received free or reduced-price lunches. The program had been extended to reach 47.4 percent of the U.S. enrollment.

Federal, State, and local contributions toward the National School Lunch Program have risen at an ever increasing rate since the inception of the program in 1946. Federal cash assistance for fiscal year 1947 amounted to $62,338,155 with an additional $8,047,748 provided in Federally donated commodities. State and local appropriations in

fiscal year 1947 added $20,616,000 in support of the program. Children's payments provided $112,540,000 while other local contributions and receipts amounting to $17,532,000 brought the total State and local support to $150,688,000 for the fiscal year. The total program cost amounted to $221,073,093 in 1947.

This contrasts with $300,258,210 in cash payments contributed by the Federal government alone in fiscal year 1970. The total value of Federal commodities equaled $265,192,684. State and local appropriations came to $185,056,427, other local contributions and receipts amounted to $361,594,582, and children's payments added an extra $1,104,959,419, bringing the total State and local support to about $1.7 billion. The total program cost amounted to $2.2 billion.

The $221,073,093 spent in fiscal year 1947 fed 6,596,633 children while the $2.2 billion expenditure in fiscal year 1974 fed 23,127,222. This equals $36.87 per child in fiscal year 1947 as opposed to $95.86 per child in fiscal year 1970. Attachment I demonstrates program funding sources for fiscal years 1969 through 1974.

In fiscal year 1970 the Federal share of program cost was 25.5 percent of a total expenditure of $2.2 billion covering State and local contributions, children's payments, and Federal funding. The Federal share increased to an estimated 43 percent of a total of $3 billion in fiscal year 1974. During the same 5-year period, State and local contributions including children's payments decreased from 74.5 percent of total program cost to 57 percent. The most significant derease was in children's payments—down from 49.8 percent of the total cost in fiscal year 1970 to an estimated 34.9 percent in fiscal year 1974.

Average Federal payments for lunches served under the National School Lunch Program compared with the Consumer Price Index for food away from home presents another demonstration of increases in Federal financial assistance during the past few years. This index is the measure provided in Public Law 93–150 for making future rate adjustments. Under the National School Lunch Act, all lunches served are reimbursed from Section 4 and free and reduced-price meals served to economically needy children are traditionally reimbursed from Section 11.

As can be seen from Attachment II, Federal assistance has not only kept pace with rising costs but has substantially exceeded them. Of greatest significance is the increase in average payments from Section 11 funds from 8.3 cents in fiscal year 1969 to an estimated 45 cents in fiscal 1974 or more than 400 percent. Payments from Section 4 funds during the same period for all lunches increased by more than 100 percent, from 4.8 cents to an estimated 10 cents. The Consumer Price Index for food away from home increased by about 43.6 percent from July 1969 to July 1974.

It is also important to note that adjustments in Federal payments stand at 52.5 cents from Section 11 and 11.75 cents from Section 4 for January to June 1975 as a result of recent adjustments in this Index.

Benefits to children of different economic levels may be looked at another way. Attachment II can also be seen to highlight the benefits to participating children as they fall into the categories of paid, reduced-price, and free lunch recipients.

Children receiving paid lunches have received rapidly increasing Federal subsidies in the period from fiscal 1969 to the present. Average cash reimbursement for each paid lunch was 4.8 cents and an average value of Federally donated commodities of 8.1 cents brought the Federal subsidy to 12.9 cents per paid lunch. In addition to this subsidy, the fiscal 1969 State matching contribution to the cost of a paying child's lunch came to 14.1 cents per meal. Bringing government subsidies to 27.0 cents per meal. The total State and Federal expenditure for paid meals in 1969 was $475,300,000.

In contrast to this, the average Federal cash reimbursement for a paid lunch was 10.5 cents at the close of fiscal year 1974 with the average value of Federally donated commodities amounting to 8 cents per paid lunch. Total Federal subsidy per paid lunch for fiscal year 1974, therefore, equaled 18.5 cents. This is an increase of 59 percent from the 1969 figure. State matching also increased during this time period coming to 20.3 cents per paid meal in 1974. This change brought the overall percentage change in Federal and State contributions to 44 percent for the 5-year period. This does not include the 1975 increase in support per lunch to a level of about 22 cents.

Children receiving free or reduced-price meals also receive rapidly increasing benefits in the 5-year period from fiscal year 1969 to 1974. Average Federal cash payment for each free or reduced-price lunch was 13.1 cents added to 8.1 cents in donated commodities. The total Federal expenditure for free or reduced price meals in 1969 was $42 million.

A significant contrast appears when these expenditures in 1974 are considered. For fiscal 1974 Federal cash payment for each free or reduced-price lunch was 57.5 cents plus 10 cents in donated commodities. The total Federal expenditure for free or reduced-price meals in 1974 was $667 million or an overall percentage change of 1488 percent from the 1969 figure.

Conclusion

The above description and the attached tables, we believe indicates a demonstrated concern for school lunch and child nutrition programs which we feel is merited. The Committee report details changes in existing law made by H.R. 4222 which would further increase support for and participation in these programs. While we may not agree with every change proposed, we emphatically disagree with the wisdom and necessity of the two very costly changes involved in setting a 25 cents maximum per meal for paying children and mandating the purchase of specificed commodities in an amount of $79 million in addition to the level of commodity purchases established by law.

While we are not persuaded that this is the time to spend $734 million which does not need to be spent, we cannot help but wonder at the sense of priorities such an expenditure would represent. If we *had* an additional $734 million for nutrition or for education, are there not far more pressing needs than these two features of H.R. 4222? For example, how about the large number of elderly people who suffer from inadequate diets and are not reached by existing programs? Or we might fund the WIC program for expectant mothers and mothers and infants at nutritional risk at a level which would more nearly approximate needs. In that instance, we have solid, scientific evidence, some of it presented to our Committee in the course of hearings on

this bill, that irreversible brain damage caused by inadequate nutrition in the months before and after birth can be prevented. This type of nutritional intervention represents an incalculable saving in human, social, and economic terms which certainly will not be duplicated by the provisions of this bill we find objectionable. Or if we were going to spend it on education programs, we could more than double Federal support for vocational-technical education or quadruple Federal support for the education of handicapped children (many of whom are not being adequately served today). There are dozens of more effective things we could do with that amount of Federal funds, assuming we had that amount to spend.

In conclusion, these two items at a cost of $734 million represents a lack of budgetary restraint and a lack of responsible ordering of national priorities which we find unacceptable. We hope and believe that this Congress, which has moved toward more responsibility in budgetary matters and which has pledged itself to the American people to make wise decisions on national priorities, will agree with our position and eliminate these provisions from the bill.

ATTACHMENT I

SOURCES OF NATIONAL SCHOOL LUNCH PROGRAM FUNDING

	Source of funds							
	Federal [1]		Children's payments		State and local		Total	
Fiscal year	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1969	$475.8	23.9	$1,041.2	52.3	$475.3	23.8	$1,992.3	100
1970	565.5	25.6	1,105.0	49.8	546.6	24.6	2,217.1	100
1971	809.5	32.6	1,090.2	43.7	593.3	23.7	2,493.0	100
1972	1,045.9	38.1	1,080.4	39.4	616.0	22.5	2,742.3	100
1973	1,212.7	40.0	1,123.7	37.1	692.7	22.9	3,027.1	100
1974 [2]	1,377.4	43.0	1,121.3	34.9	710.0	22.1	3,208.7	100

[1] Includes financial and USDA-donated food assistance.
[2] Preliminary.

ATTACHMENT II

COMPARISON OF NSLP RATE INCREASES WITH INCREASES IN THE CONSUMER PRICE INDEX FOR FOOD AWAY FROM HOME

	Sec. 4		Sec. 11		Food away from home (start of period)		Additional commodity assistance, average per meal value
Fiscal year	Average payment (cents)	Percent increase	Average payment (cents)	Percent increase	CPI	Percent increase	
1969	4.8		8.3		105.3		8.1
1970	4.7	2.1	17.9	115.7	111.7	6.1	7.5
1971	5.9	25.5	30.7	71.5	120.5	7.9	7.2
1972	6.4	8.5	39.4	28.3	126.5	5.0	7.9
1973	8.0	25.0	40.0	1.5	131.3	3.8	8.2
1974	10.3	28.7	45.0	12.5	140.9	7.3	8.0
1975:							
1st	11.0	6.8	48.3	7.3	149.7	6.2	
2nd [1]	11.75	6.8	51.0	5.6	160.4	7.1	
Changes:							
1969–75		144.8		514.4		52.3	
1972–75		83.6		29.4		26.8	
1973–75		46.9		27.5		22.2	
1974–75		14.0		13.0		13.8	

[1] Preliminary.

ALBERT H. QUIE.
JOHN M. ASHBROOK.
JOHN N. ERLENBORN.

SUPPLEMENTAL VIEWS ON H.R. 4222

In voting for the reporting of H.R. 4222 from the Committee, we expressed our support for strengthening school lunch and child nutrition programs. (Mr. Quie did not vote to report the bill but concurs with these views.) We believe the provision of free and reduced-price lunches under the National School Lunch Act has been beneficial to those children eligible for and participating in the program. In these difficult economic times, when many needy families may not be able to meet the minimum nutritional needs of their children, it is vitally important that these basic programs be extended.

The attention of the Members of the House should be drawn to one particular issue, however. During full Committee action on H.R. 3736, an amendment was proposed and approved placing a ceiling or "cap" of 25 cents on the cost to a child for a lunch other than a free lunch or a reduced-price lunch. For those schools participating in the school lunch program as of January 1, 1975, payments will be made equal to (A) the difference between the price of a lunch (other than a free or reduced-price lunch) as of January 1, 1975, and 25 cents, or (B) 10 cents, whichever is greater. For those schools not participating in the program as of January 1, 1975, payments will be made equal to (A) the difference between the average price, in effect on January 1, 1975, for such lunches and 25 cents, or (B) 10 cents, whichever is greater. (The national average price per lunch is 45 cents.) The Federal government will pay this difference.

We have serious reservations over the effects of this amendment and voted against it in the full Committee. There are several implications and considerations which the Members of the full House must be made aware of:

(1) The cost of this amendment for the first year has been estimated at approximately $655 million.

(2) Going beyond the obvious cost factor, Members should consider whether the Federal government, which already must make the most profund fiscal decisions in the present economic climate, should "subsidize" children whose parents can afford the price of a school lunch or can afford to provide adequate nutrition for their children on their own. The program initiated by this amendment, unlike the present free and reduced-price programs, will not be discretionary since the "cap" would apply to all children buying lunches regardless of their family income.

(3) Because the price of a lunch as of Janury 1, 1975, is used as a standard, a school participating in the program as of that date and continuing in the program could now drop the cost of its lunch and then receive a "windfall" subsidy from the Federal government. This "windfall" would be equal to the difference between the price of its lunch as of January 1, 1975, (for which the school will be receiving

a partial subsidy) and the new, lower cost or price it charges this year. No guidelines have seen set for the utilization of this surplus payment.

It also can be inferred that schools which have excess capacity in their school lunch program can further reduce their per capita, unit costs through the addition of children to the program up to the point that full capacity is reached.

(4) Conversely, should this amendment generate substantial, additional participation by children in programs already at capacity, school systems indeed could be faced with the higher costs necessary to increase their facilities to meet the excess demand.

(5) Schools which have operated inefficient and/or higher cost programs in a sense will be rewarded for these costs and inefficiencies because the Federal government will be picking up the tab for the price above 25 cents per child.

(6) Local communities which have set the price of their school lunches lower than the cost (in effect, providing a local subsidy) would be penalized for their initiative because the Federal payment is pegged to the price of the lunch rather than its cost. If community A charged 40 cents for a lunch that costs 45 cents per child to produce, it would receive a Federal subsidy of 15 cents. If community B charged 45 cents for a lunch costing 45 cents, it would receive 20 cents. This is clearly inequitable, discriminatory and destructive to local initiative.

(7) In the majority of cases if the cost per lunch rises after January 1, 1975, school systems will be forced into deficit financing. This will occur because the child will pay no more than 25 cents and the Federal subsidy will be pegged to the lower price charged as of January 1, 1975, and not to the higher cost incurred after that date.

Restating our original comments, we generally support the National School Lunch Act. With our nation in the most difficult of economic straits, Congress should seek to assist those not totally able to help themselves. On the other hand, we seriously question the advisability of the amendment setting the 25 cent "cap." When wise fiscal decisions must be made and our national priorities refocused, Congress should not embark on a program providing subsidies to those needing little or no help.

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INDIVIDUAL VIEWS—H.R. 4222

The Subcommittee on Elementary, Secondary and Vocational Education and the full Committee on Education and Labor have spent several weeks listening to the views of various groups interested in the improvement and expansion of the School Lunch and Child Nutrition Act. At the conclusion of these hearings and review, few could dispute the necessity of such legislation.

During Committee review, an amendment was offered which I originally supported. Since that time, however, additional information has come to my attention, and I must change my position. That amendment was to set a maximum charge per school lunch for children who do not receive a free or reduced-price lunch at 25¢ (as opposed to an average of 45¢ this year). While this cost ceiling is undisputably a worthwhile goal, it could present us with serious problems for the coming year.

Because the formula calls for a federal subsidy for the difference between the average price of a lunch, in effect on January 1, 1975, and the 25¢ ceiling, it ignores the distinct possibility of increased costs for agriculture commodities and increased wages for labor during 1975. Consequently, any increased costs during the coming year will have to be absorbed by the state and local governments.

This is clearly discriminatory against those states that (1) pay higher labor wages; (2) have higher costs for the agriculture products; (3) contribute a high percentage of operational costs from state and local revenues. Under this formula, any increased costs, through any source, would again have to be absorbed by the states.

In New England, an average lunch costs between 77 and 80 cents to prepare with a current cost to the elementary school child of 45 or 50¢ and to the secondary school child of 50 to 60¢. These costs have risen significantly in the past years, basically as a result of increased agriculture costs, rising labor wages, and increased transportation costs. There is nothing to indicate that this trend will stop. Furthermore, this formula ignores the plight in which many states are now finding themselves as a result of the combined economic problems of inflation and recession, particularly as a result of unemployment. Revenues have fallen sharply while demand has increased significantly, creating an untenable situation.

If the states are forced to absorb additional expenses, they will be confronted with two choices, both equally unpalatable. One, they will have to reduce their participation in other, equally deserving programs, or two, they will be forced to end their participation in the School Lunch Program. Both these situations would be contrary to the intent of overall federal legislation and would certainly not be in the interests of our nation's children.

If the improvement and expansion of the School Lunch and Child Nutrition Act for all children is indeed our objective, we must enact a formula that will be far more responsive to the needs of our children and the financial capabilities of state and local governments.

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